

City Clerk File No. Ord. 16.139

Agenda No. 3-A 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE **16.139**
TITLE: **ORDINANCE AMENDING AND SUPPLEMENTING CHAPTER 160 (FEE & CHARGES)
SECTION I (FEE SCHEDULE ESTABLISHED) OF THE JERSEY CITY MUNICIPAL
CODE**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY HEREBY ORDAINS:

- A. The following amendments to Chapter 160 (Fees & Charges) Section I (Fee Schedule Established) are hereby adopted:

**FEES & CHARGES
SECTION I
Fee Schedule Established**

§160-1. - Fee schedule established.

Fees shall be as follows:

- A. Through O. No Change.
- P. Chapter 175, Food Handling Establishments.
- (1) No Change.
 - (2) No Change.
 - (3) Article III, Food Establishments.
 - (a) No Change.
 - (b) Food handler's course: \$25.*
 - (c) Food manager's course: \$40.*
- * Employees of the City of Jersey City whose duties allow or require food handling or food management training are exempt from fees for the food handler's or food manager's course.
- (4) No Change.
- B. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- C. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- D. This ordinance shall take effect at the time and in the manner as provided by law.
- E. The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

Note: All new material is underlined; words in [brackets] are omitted. For purposes of advertising only, new matter is **boldface** and repealed matter by *italics*.

08/24/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____

Business Administrator

Certification Required ☐

Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

ORDINANCE AMENDING CHAPTER 160 (FEE & CHARGES) OF THE JERSEY CITY MUNICIPAL CODE

Initiator

| | | |
|---------------------|-----------------|--------------------|
| Department/Division | HHS | Director's Office |
| Name/Title | Stacey Flanagan | Director |
| Phone/email | 201-547-6560 | Sflanagan@jcnj.org |

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

Council Meeting August 17, 2016, Ord. 16.118 must be withdrawn.

This ordinance is being introduced to include a fee for a food manager's course in the amount of \$40

I certify that all the facts presented herein are accurate.


Signature of Department Director

8/31/16
Date

City Clerk File No. Ord. 16.140
Agenda No. 3.B 1st Reading
Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.140

TITLE: **ORDINANCE AMENDING AND SUPPLEMENTING CHAPTER 160 (FEES & CHARGES) SECTION I (FEE SCHEDULE ESTABLISHED) OF THE JERSEY CITY MUNICIPAL CODE**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY HEREBY ORDAINS:

- A. The following amendments to Chapter 160 (Fees & Charges) Section I (Fee Schedule Established) are hereby adopted:

**FEES & CHARGES
SECTION I
Fee Schedule Established**

§160-1. - Fee schedule established.

Fees shall be as follows:

- A. Chapter 3, Administration of Government, Office of the City Clerk.

(1) Through (6) No change.

(7) Fees for the Department of Public Works.

(a) Rental of Containers in three (3) sizes: 10 cubic yard (cy), 20 cubic yards, and 30 cubic yards.

[1] 10cy: \$435 includes 2 tons maximum of solid waste/rubbish.

[2] 20cy: \$530 includes 3 tons maximum of solid waste/rubbish.

[3] 30cy: \$650 includes 5 tons maximum of solid waste/rubbish.

[4] Containers are rented for a period of three (3) days and include one (1) pick-up and disposal fee. If the container is filled in less time and needs to be returned, a payment is required for a second container and related disposal fee.

[5] Additional fees:

a. an additional coverage fee of \$115 per ton will be assessed for containers exceeding the maximum tonnage;

b. an additional fee of approximately 1/3 of the cost of the container will be assessed for each day a container is kept over the allotted three (3) days: \$145 for a 10cy container; \$180 for a 20cy container; and \$220 for a 30cy container.

ORDINANCE AMENDING AND SUPPLEMENTING CHAPTER 160 (FEES & CHARGES) SECTION I (FEE SCHEDULE ESTABLISHED) OF THE JERSEY CITY MUNICIPAL CODE

[7] A fee of \$32 will be assessed if a check bounces or a credit card is declined when processing payment of overage fees. This fee will also be assessed on all charge-backs.

[8] Non-Profit Organizations are eligible to receive roll-off container service at no charge (contingent upon adequate funding being available in the City budget). The non-profit organizations are block associations and civic associations. The container will be used only for community participation and not personal use. The container will be used only for general clean-up of the event. The container is not to be used for improvements or rehabilitation, or properties and buildings. Any construction and demolition waste found in the container will result in the organization being charged for the disposal rate of \$115 per ton and a haulage fee of \$225. Qualified organizations are eligible to receive one (1) container per year.

(b) Rental of Equipment. All organizations are prohibited from using equipment rented from the Department of Public Works to promote and/or advertise political campaigns or candidates being endorsed or elected by voters. The sole purpose of the usage of such equipment is to promote and/or advertise ethnic, cultural and other neighborhood festivities/parades by all organizations on a 'first come first serve' basis throughout Jersey City. A minimum rental time of four (4) hours is required and will only be issued pending availability. The equipment rental fees are:

- [1] Dumpster: \$300;
- [2] Litter Patrol - 4 hours: \$60;
- [3] Litter Patrol - 8 hours: \$120;
- [4] Mechanical Street Sweeper - Monday through Friday: \$110;
- [5] Mechanical Street Sweeper - Saturday: \$165;
- [6] Mechanical Street Sweeper - Sunday: \$220;
- [7] 25cy Garbage Packer Truck - Monday through Friday: \$110;
- [8] 25cy Garbage Packer Truck - Saturday: \$165;
- [9] 25cy Garbage Packer Truck - Sunday: \$220.

(c) Rental of Floats and Bleachers. The Floats and Bleachers are to be driven only by a City of Jersey City employee with a Commercial Driver's License (CDL) endorsement. A minimum rental time of four (4) hours is required and will only be issued pending availability. The hourly rate shall commence one (1) hour prior to the event and conclude one (1) hour after the event to allow for set-up and break-down. The rental fees are:

- [1] Driver: \$50 per hour;
- [2] Small Float - Monday through Friday: \$200;
- [3] Small Float - Saturday: \$250;
- [4] Small Float - Sunday: \$325;
- [5] Tractor Trailer Float - Monday through Friday: \$250;
- [6] Tractor Trailer Float - Saturday: \$300;
- [7] Tractor Trailer Float - Sunday: \$325;
- [8] Bleachers - Monday through Friday: \$200;
- [9] Bleachers - Saturday: \$250;
- [10] Bleachers - Sunday: \$325.

ORDINANCE AMENDING AND SUPPLEMENTING CHAPTER 160 (FEES & CHARGES) SECTION I (FEE SCHEDULE ESTABLISHED) OF THE JERSEY CITY MUNICIPAL CODE

(d) Rental Supplies. The rental of supplies requires a deposit covering the total amount of the supplies. The failure to return all of the supplies within ten (10) days will result in the forfeiture of the deposit or a portion thereof. Prices are subject to change as a result of State Contract pricing. The rental fees are:

- [1] Shovels: \$25 each;
- [2] Barrels: \$40 each;
- [3] Fan Rakes: \$15 each;
- [4] Metal Rakes: \$20 each;
- [5] Push Brooms: \$15 each;
- [6] Garbage Bags: \$80 per case of 200 or \$0.40 each;

~~[(7)]~~(8) No change.

~~[(8)]~~(9) No change.

~~[(9)]~~(10) No change.

~~[(10)]~~(11) No change.

~~[(11)]~~(12) No change.

~~[(12)]~~(13) No change.

~~[(13)]~~(14) No change.

~~[(14)]~~(15) No change.

A.1. Through UU. No change.

B. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

C. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

D. This ordinance shall take effect at the time and in the manner as provided by law.

E. The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

Note: All new material is underlined; words in ~~[brackets]~~ are omitted.
For purposes of advertising only, new matter is **boldface** and repealed matter by *italics*.

8/31/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____

Business Administrator

Certification Required ☐

Not Required ☐

City Clerk File No. Ord. 16.141

Agenda No. 3.C 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.141

**TITLE: AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC)
ARTICLE II (TRAFFIC REGULATIONS) SECTION 332-9 (STOP INTERSECTIONS)
OF THE JERSEY CITY TRAFFIC CODE DESIGNATING MONTROSE AVENUE AND
CARLTON AVENUE AS A STOP INTERSECTION**

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

1. Chapter 332 (Vehicles and Traffic) Article II (Traffic Regulations) Section 332-9 (Stop Intersections) of the Jersey City Traffic Code is hereby supplemented as follows:

Section: 332-9 Stop Intersections.

The Intersections listed below are hereby designated as stop intersections. Stop signs shall be installed as provided therein.

| Street 1 (Stop Sign On) | Direction of Travel | Street 2 (At Intersection) |
|------------------------------------|----------------------------|---------------------------------------|
| Montrose Av | North and South | Carlton Av |

2. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
3. This ordinance shall be a part of the Jersey City Code as though codified and incorporated in the official copies of the Jersey City Code.
4. This ordinance shall take effect at the time and in the manner as prescribed by law.
5. The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: The new material to be inserted is underscored.

JDS:pcl
(08.25.16)

APPROVED: _____
Director of Traffic & Transportation

APPROVED AS TO LEGAL FORM

APPROVED: _____
Municipal Engineer

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance

AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE II (TRAFFIC REGULATIONS) SECTION 332-9 (STOP INTERSECTIONS) OF THE JERSEY CITY TRAFFIC CODE DESIGNATING MONTROSE AVENUE AND CARLTON AVENUE AS A STOP INTERSECTION

Initiator

| | | |
|---------------------|----------------|---|
| Department/Division | Administration | Engineering, Traffic and Transportation |
| Name/Title | Joao D'Souza | Director of Traffic & Transportation |
| Phone/email | 201.547.4470 | JOAO@jcnj.org |

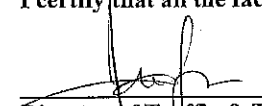
Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

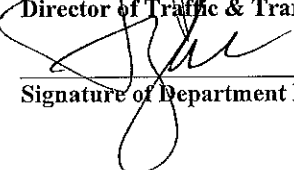
AN ORDINANCE DESIGNATING MONTROSE AVENUE AND CARLTON AVENUE AS A STOP INTERSECTION

This Ordinance has been proposed in order that Section 332-9 of the Municipal Code reflect the regulatory signs that are installed at the intersection.

I certify that all the facts presented herein are accurate.



Director of Traffic & Transportation



Signature of Department Director



Date



Date

Montrose Ave



Map data ©2016 Google 20 ft

City Clerk File No. Ord. 16.142

Agenda No. 3.0 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE **16.142**

TITLE:

AN ORDINANCE SUPPLEMENTING CHAPTER 332(VEHICLES AND TRAFFIC)
ARTICLE III(PARKING, STANDING AND STOPPING) OF THE JERSEY CITY CODE
AMENDING SECTION 332-24(PARKING PROHIBITED CERTAIN HOURS)
DESIGNATING THE TWO RECESSED PARKING AREAS ON THE SOUTH SIDE OF
NEW STREET WEST OF OCEAN AVENUE (SIDE OF THE NEW PS# 20) AS NO
PARKING SCHOOL DAYS, 8:00 A.M. TO 6:00 P.M.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

1. Chapter 332 (Vehicles and Traffic) Article III (Parking, Standing and Stopping) of the Jersey City Code is hereby supplemented as follows:

Section 332-24 **PARKING PROHIBITED CERTAIN HOURS**
No person shall park a vehicle between the hours specified upon any of the streets or parts thereof listed below.

| Name of Street | Side | Days of Week | Hours | Limits |
|----------------|--------------|--------------------|-------------------------------|---|
| <u>New St</u> | <u>South</u> | <u>School Days</u> | <u>8:00 a.m. to 6:00 p.m.</u> | <u>73 feet west of Ocean Av 196 feet west</u> |
| | | <u>School Days</u> | <u>8:00 a.m. to 6:00 p.m.</u> | <u>339 feet west of Ocean Av 69 feet west</u> |

2. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
3. This ordinance shall be a part of the Jersey City Code as though codified and incorporated in the official copies of the Jersey City Code.
4. The City Clerk and the Corporation Counsel be and they are hereby authorized and director to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material to be inserted is new and underscored.

JDS:pcl
08.31.16

APPROVED AS TO LEGAL FORM

Corporation Counsel

APPROVED: _____
Director of Traffic & Transportation

APPROVED: _____
Municipal Engineer

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance

AN ORDINANCE SUPPLEMENTING CHAPTER 332(VEHICLES AND TRAFFIC) ARTICLE III(PARKING, STANDING AND STOPPING) OF THE JERSEY CITY CODE AMENDING SECTION 332-24(PARKING PROHIBITED CERTAIN HOURS) DESIGNATING THE TWO RECESSED PARKING AREAS ON THE SOUTH SIDE OF NEW STREET WEST OF OCEAN AVENUE (SIDE OF THE NEW PS# 20) AS NO PARKING SCHOOL DAYS, 8:00 A.M. TO 6:00 P.M.

Initiator

| | | |
|---------------------|---|---|
| Department/Division | Administration | Engineering, Traffic and Transportation |
| Name/Title | Joao D'Souza at the request of the Jersey City Board of Education, 346 Claremont Avenue, JCNJ 07305 | Director of Traffic & Transportation |
| Phone/email | 201.547.4470 | JOAO@jcnj.org |

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

AN ORDINANCE DESIGNATING THE TWO RECESSED PARKING AREAS ON THE SOUTH SIDE OF NEW STREET WEST OF OCEAN AVENUE (SIDE OF THE NEW PS# 20) AS NO PARKING SCHOOL DAYS, 8:00 A.M. TO 6:00 P.M.

This no parking area will facilitate the School Buses transporting students to and from the newly constructed PS# 20 between the hours of 8:00 a.m. and 6:00 p.m..

I certify that all the facts presented herein are accurate.

Director of Traffic & Transportation

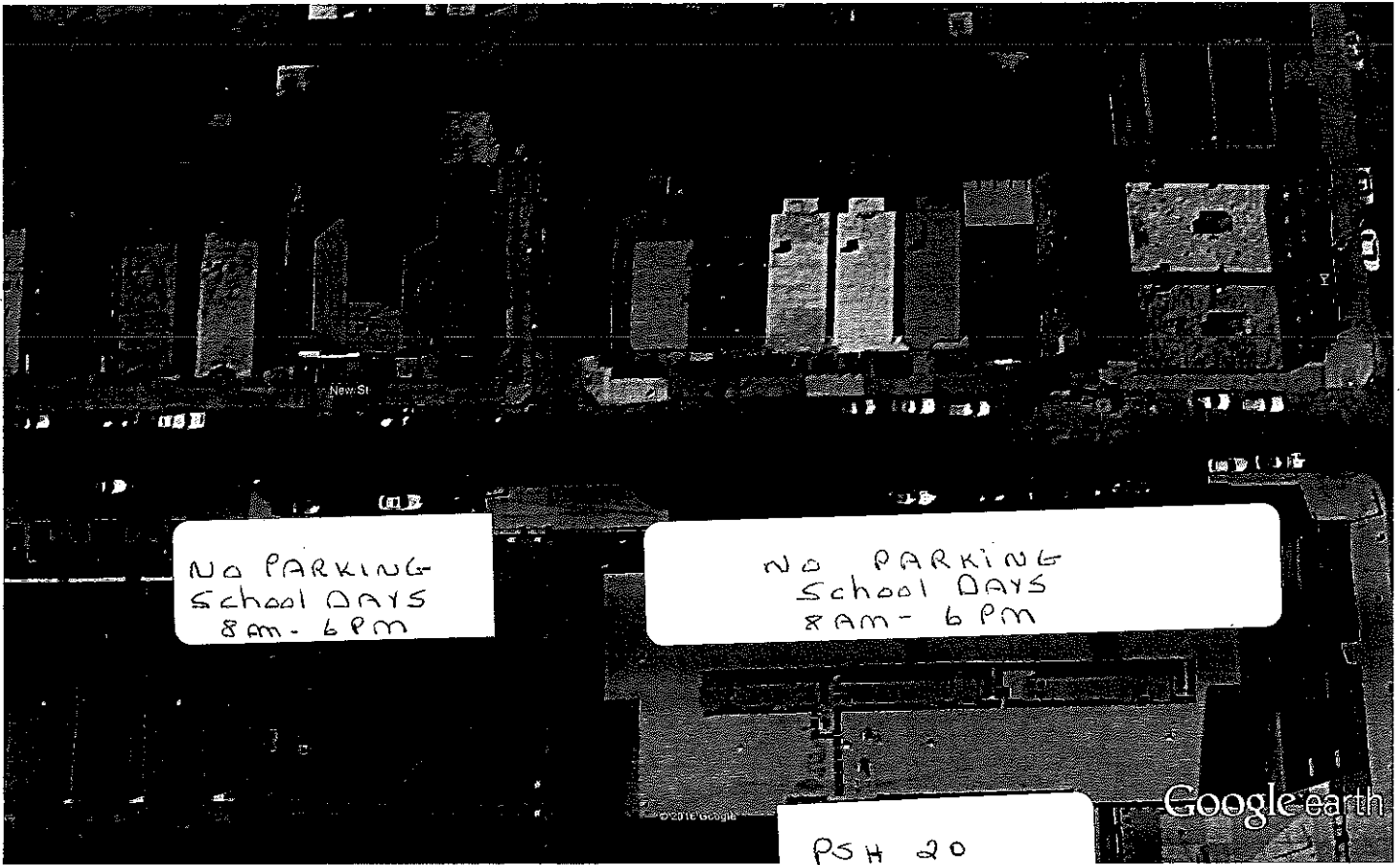
Signature of Department Director

Date

9/7/16

Date

NEW STREET



Google earth

feet
meters

70



City Clerk File No. Ord. 16.143

Agenda No. 3.E 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.143

TITLE AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) OF THE JERSEY CITY TRAFFIC CODE ARTICLE II (TRAFFIC REGULATIONS) AMENDING SECTION 332-9 (STOP INTERSECTIONS) DESIGNATING BEACH STREET AND SANFORD PLACE AS A STOP INTERSECTION AND AMENDING SECTION 332-10 (YIELD INTERSECTIONS) REPEALING BEACH STREET AND SANFORD PLACE AS A YIELD INTERSECTION

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

1. Chapter 332 (Vehicles and Traffic) Article II (Traffic Regulations) Section 332-9 (Stop Intersections) of the Jersey City Traffic Code is hereby supplemented as follows:

Section: 332-9 Stop Intersections.

The Intersections listed below are hereby designated as stop intersections. Stop signs shall be installed as provided therein.

| Street 1 (Stop Sign On) | Direction of Travel | Street 2 (At Intersection) |
|----------------------------|---------------------|-------------------------------|
| <u>Beach St</u> | <u>East</u> | <u>Sanford Pl</u> |

Section: 332-10 Yield Intersections

The intersections listed below are hereby designated as yield intersections. Yield signs shall be installed as provided therein.

| Street 1 (Yield Sign On) | Direction of Travel | Street 2 (At Intersection) |
|-----------------------------|---------------------|-------------------------------|
| <u>[Beach St</u> | <u>East</u> | <u>Sanford Pl]</u> |

2. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
3. This ordinance shall be a part of the Jersey City Code as though codified and incorporated in the official copies of the Jersey City Code.
4. This ordinance shall take effect at the time and in the manner as prescribed by law.
5. The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: The new material to be inserted is underscored; the material to be repealed is in *[brackets]*.

JDS:pcj
(08.26.16)

APPROVED: _____
Director of Traffic & Transportation

APPROVED AS TO LEGAL FORM

APPROVED: _____
Municipal Engineer

APPROVED: _____
Business Administrator

Corporation Counsel

Certification Required ☐
Not Required ☐

ORDINANCE FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any ordinance that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance

AN ORDINANCE SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) OF THE JERSEY CITY TRAFFIC CODE ARTICLE II (TRAFFIC REGULATIONS) AMENDING SECTION 332-9 (STOP INTERSECTIONS) DESIGNATING BEACH STREET AND SANFORD PLACE AS A STOP INTERSECTION AND AMENDING SECTION 332-10 (YIELD INTERSECTIONS) REPEALING BEACH STREET AND SANFORD PLACE AS A YIELD INTERSECTION

Initiator

| | | |
|---------------------|---------------------|---|
| Department/Division | Administration | Engineering, Traffic and Transportation |
| Name/Title | Jose R. Cunha, P.E. | Municipal Engineer |
| Phone/email | 201.547.4411 | JCunha@jcnj.org |

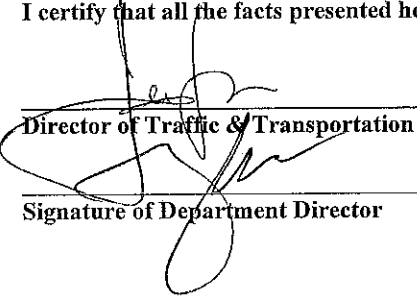
Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

AN ORDINANCE DESIGNATING BEACH STREET AND SANFORD PLACE AS A STOP INTERSECTION AND REPEALING BEACH STREET AND SANFORD PLACE AS A YIELD INTERSECTION

The new traffic regulation at this intersection will increase pedestrian and traffic safety.

I certify that all the facts presented herein are accurate.


Director of Traffic & Transportation

Signature of Department Director

8/30/16
Date

9/7/16
Date

Beach St

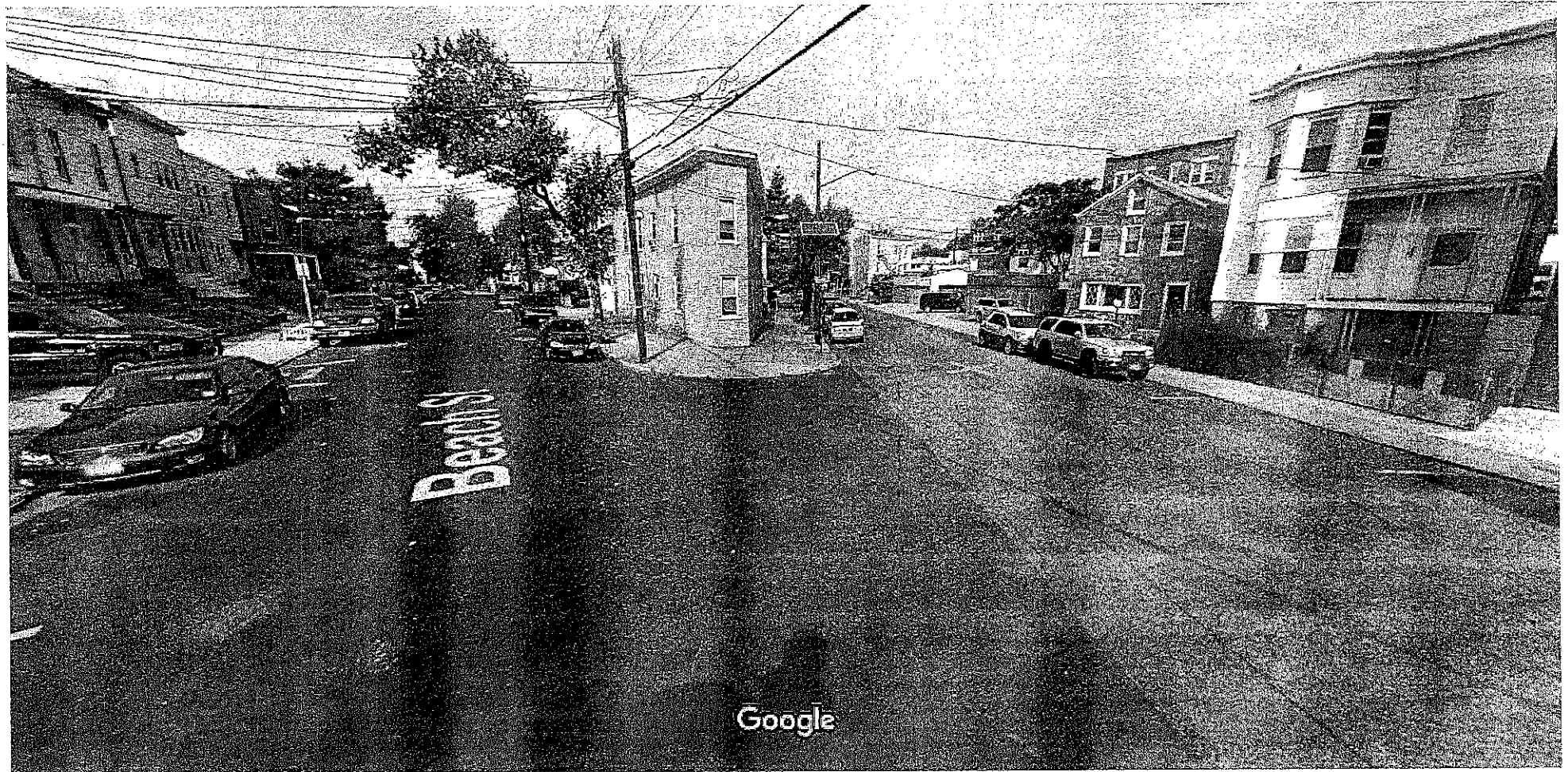


Image capture: Oct 2012 © 2016 Google

Jersey City, New Jersey

Street View - Oct 2012

City Clerk File No. _____ Ord. 16.144

Agenda No. _____ 3. F _____ 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.144

TITLE: ORDINANCE AMENDING AND SUPPLEMENTING CHAPTER 332 (VEHICLES AND TRAFFIC) ARTICLE VII (METERED PARKING) OF THE JERSEY CITY MUNICIPAL CODE

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY HEREBY ORDAINS:

WHEREAS, metered parking in the City owned off-street lots needs to be specifically authorized by the Municipal Council; and

WHEREAS, the Municipal Council should be authorized to waive the charges by the adoption of a resolution as needed.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

- A. The following amendments to Chapter 332 (Vehicles and Traffic) Article VII (Metered Parking) are hereby adopted:

VEHICLES AND TRAFFIC

ARTICLE VII Metered Parking

§332-47. No Change.

§332-48. Designation of Parking Spaces.

The Division of Parking Enforcement is hereby directed and authorized to provide for the marking off of individual parking spaces in the parking meter zones designated and described below, said parking spaces to be designated by lines painted or marked on the curbing or surface of the street or lot. At each space so marked off, it shall be unlawful to park any vehicle in such a way that said vehicle shall not be entirely within the limits of the space so designated. When a parking space in any parking meter zone is at right angles or diagonal to the curb, sidewalk or island, any vehicle parked in such a parking space shall be parked with the front of the vehicle facing such meter.

- A. On-Street Parking Meter Zones. Parking or standing a vehicle in a parking meter space in the on-street parking meter zones described below shall be lawful during the hours of 9:00 a.m. to 9:00 p.m., Monday through ~~Sunday~~ Saturday and only, unless designated otherwise by a sign on the meter or a posted sign, upon the deposit of such amount as is indicated for each specified period of time:

| ON STREET PARKING METER ZONES | |
|-------------------------------|----------------------------|
| NAME OF STREET | LIMITS |
| Academy St | Tuers Av to Tonnele Ave |
| Baldwin Av | Courthouse Pl to Newark Av |

| | |
|--|--|
| Barrow St | Columbus Dr to Newark Av |
| Bay St | Newark Av to Grove St |
| Bergen Av | Jewett Av to Sip Av |
| Bleecker St | Both sides: Central Av 75 feet west |
| Brunswick St | Newark Av to Wayne St |
| Central Av | Booream Av to North St |
| Central Av | Newark Av to Pavonia Av |
| Charles St | Central Av 200 feet west |
| Clifton Pl | Fairmount Av to Baldwin Av |
| Coles St | Newark Av to Second St |
| Columbus Dr | Grove St to Brunswick St |
| Congress St | Central Av 100 feet east |
| Cook St | Newark Av to Hoboken Ave |
| Cottage St | Kennedy Blvd 200 feet west |
| Douglas and Arthur Skinner Memorial Dr (FKA: Jersey Av) | West Side: Grand St south to the light rail tracks |
| Ege Av | West Side Av 200 feet west |
| Enos Pl | Entire length |
| Erie Pl | Newark Av to Second St |
| Fairmount Av | Monticello Av to Boland St |
| First St | Jersey Av to 200 feet west of Brunswick St |
| Franklin St | Central Av to Cambridge Av |
| Gautier Av | West Side Ave 200 feet west |
| Glenwood Av | Bergen Av 100 feet west |
| Graham St | Central Av 200 feet west |
| Grand St | Arlington Av to Johnston Av |
| | River St (private roadway) to Tidewater St (private roadway) |
| Greene St | Montgomery St to Columbus Dr |
| Griffith St | Central Av 200 feet east and west |
| Grove St | Grand St to First St |
| Hoboken Av | Summit Av to Palisade Av |
| Hudson Street | Both sides: Light Rail Crossing to Second Street |
| Hutton St | Central Av 200 feet west |
| Jersey Av | First St to Columbus Dr |
| Jones St | Sip Av to Newkirk St |
| Journal Square | Entire length |
| Liberty Av | East side; Newark Av to Van Winkle Av |
| Lincoln St | Central Av 200 feet west |
| Lott St | North side, from Central Av to west terminus |
| Magnolia Av | Tonnele Av to Summit Av |
| Mercer St | Marin Blvd to Grove St |
| Mercer St | Tuers Av to Bergen Av |
| Monmouth St | Columbus Dr to Third St |
| Montgomery St | Bergen Av to Boland St |
| Montgomery St | Hudson St to Marin Blvd |
| Montgomery St | Monmouth St to Colgate St |
| Montgomery St | North side, from Kennedy Blvd to West Side Av |
| Morgan St | North side: Greene St to Washington St |
| Newark Av | Chestnut Av to Tonnele Av |
| Newark Av | Grove St to Brunswick St |
| Newkirk St | Summit Av to Tuers Av |
| North St | Central Av 200 feet east and west |
| Oakland Av | Newark Av to Hoboken Av |

| | |
|----------------|--|
| Palisade Av | Griffith St to Ravine Av |
| Paterson St | Central Av 200 feet west |
| Pavonia Av | Baldwin Av to Summit Av |
| Second St | Coles St 200 feet west of Brunswick St |
| Sherman Pl | Central Av 200 feet west |
| Sip Av | Tonnele Av to Summit Av |
| Smith St | Entire length |
| South St | Central Av 200 feet east and west |
| Storms Av | Bergen Av to Monticello Av |
| Summit Av | East: Rock St to 44 feet south of Sip Av |
| Summit Av | East: Magnolia Av south 175 feet |
| Summit Av | East: Pavonia Av to 180 feet south of Newark Av |
| Summit Av | East: 180 feet north of Newark Av to 200 feet south of Route 139 |
| Summit Av | West: 200 feet south of Route 139 to 180 feet north of Newark Av |
| Summit Av | West: Cottage St to Van Relpen Av |
| Summit Av | West: Pavonia Av to 118 feet south of Magnolia Av |
| Third St | Monmouth St to 200 feet west of Brunswick St |
| Thorne St | Central Ave 200 feet west |
| Tonnele Av | Sip Av to Kennedy Blvd |
| Town Square Pl | Ring Rd to Washington Blvd |
| Tuers Av | West side: Montgomery St to Mercer St |
| Tuers Av | East side: Montgomery St 250 feet north |
| Union St | West Side Av 200 feet east and west |
| Van Reyepen St | Sip Av to Academy St |
| Virginia Av | West Side Av 200 feet west |
| Warren St | Montgomery St to York St |
| Warren St | East side: 35 feet north of Columbus Drive to 60 feet north |
| Washington St | Grand St to Columbus Dr |
| West Side Av | Claremont Av to Newark Av |
| West Side Av | Stegman Pkwy to Audubon Av |
| Williams Av | West Side Av 100 feet west |
| York St | Washington St to Greene St |
| Zabriskie St | Central Av 200 feet west |

- B. Off-Street Parking Lot Meter Zones. Parking or standing a vehicle in a parking meter space in the off-street parking lot meter zones described below shall be lawful during the hours of 9:00 a.m. to 9:00 p.m., Monday through ~~Sunday~~ **Saturday** and only, unless designated otherwise by a sign on the meter or a posted sign, upon the deposit of such amount as is indicated for each specified period of time:

| OFF-STREET PARKING LOT METER ZONES | |
|------------------------------------|---|
| LOT # | LOCATION |
| 1 | Oakland/Washburn/Hoboken Avenue (leased from DOT) |
| 2 [a/k/a 28] | Montgomery Street & Orchard Street (leased) |
| 3 [a/k/a 33] | 277 Central Avenue (Sherman Place) |
| 4 [a/k/a 39] | 522 West Side Avenue (Between Clendenny Avenue & Union Street) |
| 5 [a/k/a 44] | 693 Newark Avenue & Cottage Street |
| 6 [a/k/a 49] | 328-348 Central Avenue (Burger King Lot) |
| 9 [a/k/a 52] | 174 Newark Avenue |
| 12 [a/k/a 56] | 733-735 Newark Avenue (leased from DOT) |
| 13 [a/k/a 15] | 754 West Side Avenue (between Fairview and Fairmount Avenue) |
| 14 [a/k/a 3] | 352 Central Avenue |

15 [a/k/a 4]

388 Central Avenue

- C. Metered Parking Waiver. Upon a finding of public necessity, need or for a public purpose, the Municipal Council may adopt a resolution to allow free parking in any metered zone, on-street or off-street, in whole or in part, for a stipulated period of time. A copy of the resolution shall be immediately forwarded to the Police Chief and Police Director.

§332-49. Through §332-51. No Change.

§332-52. Violations.

It shall be unlawful and a violation of the provisions of this Article for any person to:

- A. Cause, allow, permit or suffer any vehicle registered in the name of or operated by such person to be parked overtime or beyond the period of legal parking time established for any parking meter zone as herein described, or to deposit in any parking meter any coin for the purpose of parking beyond the maximum legal parking time for the particular parking meter zone.
- B. Permit any vehicle to remain or be placed in any parking space adjacent to any parking meter while said meter is displaying a signal indicating that the vehicle occupying such parking space has already been parked beyond the period prescribed for such parking space.
- C. Park any vehicle across any line or marking of a parking meter space or in such position that the vehicle shall not be entirely within the area designated by such lines or markings.
- D. Deface, injure, tamper with, open or willfully break, destroy or impair the usefulness of any parking meter installed under the provisions of this Article.
- E. Deposit or cause to be deposited in any parking meter any slug, device or metal substance or other substitute for lawful coins.
- F. Park or permit the parking of any vehicle in any parking meter space where the meter does not register lawful parking.
- G. Park any vehicle in any one (1) parking meter space at an on-street meter or in an off-street parking meter zone for a period of longer than the maximum time limit as specified on the adjacent meter time dial, during the hours from 9:00 a.m. to 9:00 p.m., Monday through ~~Sunday~~ Saturday.
- H. Cause, allow, suffer or permit any vehicle that shall have been parked in a parking meter space in an off-street parking meter zone or in a parking space in an off-street nonmetered parking zone, during the hours from 9:00 p.m. to 9:00 a.m., prevailing time, to remain so parked beyond the hour of 9:00 a.m.
- I. Park any vehicle in any parking space in an off-street nonmetered parking zone for a period longer than eight (8) hours, during the hours from 9:00 a.m. to 9:00 p.m., prevailing time.
- J. Park a vehicle other than having the front of the vehicle face a meter in any parking meter zone where the parking meter space is at right angles or diagonal to a curb, sidewalk or island.
- K. Operate a vehicle on any driveway of an off-street parking zone in a manner contrary to the restrictions as set forth for such driveway.

- L. Park a commercial vehicle with a combined weight, truck and load, in excess of four thousand (4,000) pounds, in any of the off-street parking zones (metered or nonmetered).
- M. Park a truck, tractor, trailer or a vehicle moved by human or animal power in any of the off-street parking zones (metered or nonmetered).
- N. Park a vehicle not equipped with pneumatic tires properly inflated in any of the off-street parking zones (metered or nonmetered).
- O. Wash, grease or make any repairs, except those of any emergency nature, to any vehicle, in any space in any of the off-street parking zones (metered or non-metered).
- P. Park any vehicle in any one (1) parking meter space on the west side of Douglas and Arthur Skinner Memorial Dr (FKA: Jersey Av) from 3:00 p.m. to 8:00 p.m., Monday through Friday and 9:00 a.m. to 8:00 p.m., Saturday, except holidays.
- B. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- C. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- D. This ordinance shall take effect at the time and in the manner as provided by law.
- E. The City Clerk and the Corporation Counsel may change any chapter numbers, article numbers and section numbers if codification of this ordinance reveals a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in ~~[brackets]~~ are omitted. For purposes of advertising only, new matter is indicated by **boldface** and repealed matter by *italic*.

JM/he
9/06/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

City Clerk File No. Ord. 16.145
Agenda No. 3.6 1st Reading
Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.145

TITLE: ORDINANCE APPROVING A 25 YEAR TAX EXEMPTION FOR A MARKET RATE MIXED USE RENTAL PROJECT TO BE CONSTRUCTED BY 190 ACADEMY URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, 190 Academy Urban Renewal, LLC (Entity), is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq.; and

WHEREAS, the Entity is the contract purchaser of certain property designated as Block 12301, Lot 11.01 (formerly Lots 11, 12, 13 and 14), on the City's Tax map, more commonly known by the street address of 184-190 Academy Street (Property), and more particularly described by the metes and bounds description in the application; and

WHEREAS, the Property is located within the boundaries of the Journal Square 2060 Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, by an application dated August 11, 2016, the Entity applied for a 25 year long term tax exemption to construct a seven (7) story building to contain approximately one hundred twenty-two (122) market rate residential rental units with 2,208 square feet of retail/commercial space (Project); and

WHEREAS, on November 10, 2015, the Project received site plan approval from the Planning Board; and

WHEREAS, 190 Academy Urban Renewal, LLC, has agreed to:

1. pay an amount equal to the greater of (i) the Minimum Annual Service Charge or (ii) 11.5% of the Annual Gross Revenue, which sum is initially estimated to be \$212,538; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee estimated at \$4,251; and
3. pay the non-accrued excess profit, if any, to the City each year;
4. provide employment and other economic opportunities for City residents and businesses;
5. pay to City for remittance to Hudson County, an amount equal to 5% of the Annual Service Charge, which sum is estimated to be \$10,627, upon receipt of that charge;
6. provide a contribution to the City's Affordable Housing Trust Fund, pursuant to Ordinance 03-112, in the amount of \$186,312. This payment is nonrefundable and nontransferable and shall be forfeited by the Entity should either party terminate the tax exemption prior to the end of the herein term; and
7. execute a Project Employment & Contracting Agreement; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

ORDINANCE APPROVING A 25 YEAR TAX EXEMPTION FOR A MARKET RATE MIXED USE RENTAL PROJECT TO BE CONSTRUCTED BY 190 ACADEMY URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

1. the current real estate tax generates revenue of only \$64,896, whereas, the Annual Service charge as estimated, will initially generate revenue to the City of approximately \$212,538;
2. the Project will create approximately eighty (80) new construction jobs and two (2) new permanent full time jobs;
3. the Project will stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
4. the Project will further the overall redevelopment objectives of the Journal Square 2060 Redevelopment Plan;
5. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, 190 Academy Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing an appropriate letter in the Office of the City Clerk; and

WHEREAS, 190 Academy Urban Renewal, LLC, has agreed to execute Project Labor Agreement, and comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required wage, benefit and leave standards for building service workers.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The application of 190 Academy Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. a copy of which is on file in the office of the City Clerk, for the construction of a seven (7) story building to contain approximately one hundred twenty-two (122) market rate residential rental units and 2,208 square feet of retail/commercial space at property designated as Block 12301, Lot 11.01 (formerly Lots 11, 12, 13 and 14), more commonly known by the street address of 184-190 Academy Street, and more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 30 years from the adoption of the within Ordinance or 25 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge equal to \$64,896 upon Project Completion, whether or not the Project is occupied; or
 - (b) 11.5% of the Annual Gross Revenue, which initial sum is estimated to be \$212,538, and which shall be subject to statutory increases during the term of the tax exemption.
3. non-accrued annual excess profit, if any;

ORDINANCE APPROVING A 25 YEAR TAX EXEMPTION FOR A MARKET RATE MIXED USE RENTAL PROJECT TO BE CONSTRUCTED BY 190 ACADEMY URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

4. Administrative Fee: 2% of the prior year's Annual Service Charge or \$4,251;
 5. County Payment: an additional 5% of the Annual Service Charge for remittance by the City to Hudson County or \$10,627;
 6. Affordable Housing Trust Fund: \$1,500 per unit x 122 units or \$183,000; and \$1.50 x 2,208 square feet of commercial space or \$3,312; for a total of \$186,312. Such funds are non-refundable and non-transferrable in the event of a termination or expiration of the Financial Agreement;
 7. Staged Adjustments:
 - (a) Stage One: years 1-6;
 - (b) Stage Two: years 7-10;
 - (c) Stage Three: years 11-14;
 - (d) Stage Four: years 15-20;
 - (e) Final Stage: Beginning on the 1st day of the 21st year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.
 8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
 9. Project Labor Agreement: Entity certified that its construction costs are less than \$25 million. In the event a construction cost audit or report indicates construction costs of more than \$25 million, then the Entity shall execute a Project Labor Agreement and be required to pay the damages as set forth in Section 304-37(3) of the Municipal Code.
 10. The initial installment of the Affordable Housing Trust Fund contribution payment shall be due on execution of the Financial Agreement, but in no event later than 90 days of the adoption of the ordinance. Interest shall accrue on such payments as of the 91st day at the same rate as the City charges for unpaid real estate taxes;
 11. The actual date of execution of the tax exemption agreement shall not affect, alter or amend the Entity's obligation to make payments according to the intervals set forth in Section 304-28 of the Municipal Code and the tax exemption agreement. Should the Entity fail to make timely payments, interest shall begin to accrue at the rate set forth in the financial agreement.
 12. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided unless otherwise extended by the City.
 13. The Ordinance will be rescinded if the closing of the sale of the property and transfer of title from the seller to the Entity does not take place within ninety (90) days of the date of adoption of the herein Ordinance, unless otherwise extended by the City.
 14. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project is: 1) commenced within two (2) years; 2) Substantially Complete within five (5) years of the adoption of the within Ordinance.
- C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

ORDINANCE APPROVING A 25 YEAR TAX EXEMPTION FOR A MARKET RATE MIXED USE RENTAL PROJECT TO BE CONSTRUCTED BY 190 ACADEMY URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted.
For purposes of advertising only, new matter is indicated by **bold face**
and repealed matter by *italic*.

JM/he
9/07/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

DATE: August 16, 2016

TO: Lee Chang (For distribution to City Council and City Clerk)

FROM: Al Cameron, Fiscal Officer - Tax Collector's Office

SUBJECT: TWENTY-FIVE YEAR TAX ABATEMENT: MARKET RATE MIXED USE
RENTAL PROJECT – 190 ACADEMY URBAN RENEWAL, LLC -
Block 12301 Lot 11.01

CC: M. Cosgrove, J. Monahan, E. Borja, E. Toloza, M. Vigil, R. Kakoleski,
R. Lavarro, P. Leandre, K. Kane

INTRODUCTION:

The applicant, – 190 Academy Renewal, LLC, is applying for a twenty-five (25) year tax abatement pursuant to N.J.S.A. 40 A: 20-1 et seq. It will be a six (6) story market rate mixed use rental project within the Journal Square 2060 Redevelopment Plan area. The proposed project at Block 12301 – Lot 11.01 is located in Tier IV on the Jersey City Tax Exemption Policy Map. The application fee of \$9,500 was paid.

LOCATION OF THE PROPERTY:

The property is now vacant. Block 12301 Lot 11.0, is the consolidation of Lots 11, 12, 13 and 14. Known as 190 Academy Street, it is between Baldwin and Summit Avenues.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be a seven (7) story building with up to one hundred twenty-two (122) market rate residential units and 2,208 square feet of square feet of retail/commercial space. All residential units will be fully furnished studio apartments.

ESTIMATED TOTAL CONSTRUCTION COST:

The cost of construction estimated at \$12,563,938 is certified by Richard Garber, the applicant's architect. Estimated cost of materials is \$7,218,426. Estimated cost of labor is \$4,812,284. Breakdown of estimated labor and material does not include contingency and model room totaling \$533,228.

Total Project Cost is projected at \$17,298,740.

CONSTRUCTION SCHEDULE:

190 Academy UR LLC MKT Rate Rental 25-Yr Sum 11.5% . docx

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The applicant expects to begin construction in October 2016. Completion is expected within eighteen (18) months of commencement.

ESTIMATED JOBS CREATED:

The applicant estimates creation of eighty (80) jobs during Construction and approximately two (2) permanent real estate management and service positions after construction as well as four (4) Commercial/retail positions. The applicant will execute a Project Employment and Contracting Agreement. However; based upon the estimated construction cost, a Project Labor Agreement is not required.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

190 Academy Urban Renewal, LLC

| | | Rate | Amount |
|---------------------------------|-------|------------|---------------------|
| Residential Units | 122 | \$1,500.00 | \$183,000.00 |
| Square footage Commercial Space | 2,208 | \$1.50 | \$3,312.00 |
| Total AHTF Payment | | | <u>\$186,312.00</u> |

CURRENT REAL ESTATE TAX:

The assessment for the land is \$842,700. At the current tax rate of \$77.01 the estimated annual tax for the land is \$64,896.33.

The new assessment for the proposed improvements is \$3,242,500. All taxes are paid through the second quarter 2016.

PROPOSED ABATEMENT:

The property is in Tier IV of the Jersey City Tiered Tax Exemption Policy Map. The applicant has requested a term of the lesser of thirty (30) years from the date of approval of an ordinance approving the abatement or twenty-five (25) years from substantial completion of the project.

The proposed Annual Service Charge is eleven and one half of one percent (11.5%) of Annual Gross Revenue. An additional two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County will

190 Academy UR LLC MKT Rate Rental 25-Yr Sum 11.5% . docx

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be charged annually.

STAGED ADJUSTMENTS:

Beginning the first day of year seven (7) through the end of year ten (10) it would be the greater of the annual service charge or twenty percent (20%) of conventional taxes otherwise due.

Beginning the first day of year eleven (11) through the end of year fourteen (14) it would be the greater of the annual service charge or forty percent (40%) of conventional taxes otherwise due.

Beginning the first day of year fifteen (15) through the end of year twenty (20) it would be the greater of the annual service charge or sixty percent (60%) of conventional taxes otherwise due.

Beginning in year twenty-one (21) through the end of year twenty-five (25) it would be the greater of the annual service charge or eighty percent (80%) of conventional taxes otherwise due.

Beginning in year twenty-six (26) the project would pay full conventional taxes.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Applicant's good faith estimated initial annual revenue is \$1,848,158.

The Annual Service Charge at the rate of eleven and one half of one percent (11.5%) is \$212,538. The City Administrative fee at two percent (2%) is \$4,251 and the Hudson County fee of five percent (5%) is \$10,627.

| | | | | | | |
|---|--|-------|--|-------------|------------|-----------------|
| | 190 ACADEMY, LLC | | | | | 12301-11.01 |
| | Block 12301 Lot 11.01 | | | | | |
| | 190 Academy St. | | | | | |
| | | | | | | |
| | | | | | | |
| Block | Lot | | Existing | New | Good Faith | Bldg.Assessment |
| | | | Assessments | Assessments | AGEI | (Phased-In) |
| | | | | | | |
| 12301 | 11.01 | Land | 55,400 | 842,700 | | |
| | | Bldg | - | 3,242,500 | 1,848,158 | 3,242,500 |
| | | Total | 55,400 | 4,085,200 | 1,848,158 | 3,242,500 |
| | | | | | | |
| Estimated In-Lieu of Full Property Tax Payments An Amount Equal To A | | | | | | |
| A Percentage Of Taxes Otherwise Due On The Land and Improvement Based | | | | | | |
| 2014 Rate And Ratio According To The Following Stages: | | | | | | |
| Stages | | | | | ASC | Annual Taxes* |
| | | | | | | (Phase-In) |
| 1 | From the 1st day of the month following substantial completion until the last day of the 6th year, the ASC shall be at 11.5% of Annual Revenue | | | | \$ 212,538 | 0 |
| | | | | | | |
| 2 | Beginning on the 1st day of the 7th year and the last day of the 10th year of substantial completion, an amount equal to the greater of the ASC at 11.5% or 20% of the amount of taxes otherwise due on the value of the land and improvements; | | | | \$ 212,538 | \$ 49,941 |
| | | | | | | |
| 3 | Beginning on the 1st day of the 11th year and the last day of the 14th year of substantial completion, an amount equal to the greater of the ASC at 11.5% or 40% of the amount of taxes otherwise due on the value of the land and improvements; | | | | \$ 212,538 | \$ 99,882 |
| | | | | | | |
| 4 | Beginning on the 1st day of the 15th year and the last day of the 20th year of substantial completion, an amount equal to the greater of the ASC at 11.5% or 60% of the amount of taxes otherwise due on the value of the land and improvements; | | | | \$ 212,538 | \$ 151,167 |
| | | | | | | |
| 5 | Beginning on the 1st day of the 21st year and the last day of the 25th year of substantial completion, an amount equal to the greater of the ASC at 11.5% or 80% of the amount of taxes otherwise due on the value of the land and improvements. | | | | \$ 212,538 | \$ 199,764 |
| | | | | | | |
| | | | | | | |
| | | | New Improvement Yearly Tax At Expiration | | | \$ 249,705 |
| 8/16/2016 | | | | | | |
| | *Based on \$77.01 and 27.63% Ratio,1,945,429 GPI | | | | | |

SERVICE CHARGE VS CONVENTIONAL

*ASSUMING 77.01 TAX RATE WITH 2% ANNUAL INCREASE

190 ACADEMY ST.

BLOCK 12301
LOT 11.01

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

| | | | | | |
|-------|-----------|--------|----|-------------------------------------|---------|
| LAND | 842,700 | COUNTY | 5% | EXISTING ASSESSMENT | 55,400 |
| BLDG | 3,242,500 | ADMIN | 2% | | |
| TOTAL | 4,085,200 | | | PROJECTED SERVICE CHARGE (1ST YEAR) | 212,538 |

| YEAR | ASC w/ Phase-In Less Land Tax Credit | ASC w/ 2% Annual Increase | ASC w/ 2% Annual Increase & Phase-In | County | Admin | Estimated Conventional Taxes On NEW Assessment | Staged Adj Rate | Conventional Taxes at 51% (Estimated) | Current Taxes On EXISTING Assessment | Land Tax |
|------|--------------------------------------|---------------------------|--------------------------------------|--------|-------|--|-----------------|---------------------------------------|--------------------------------------|----------|
| 1 | 147,642 | 212,538 | 212,538 | 10,627 | 4,251 | 314,601 | | 160,447 | 4,266 | 64,896 |
| 2 | 150,595 | 216,789 | 216,789 | 10,839 | 4,336 | 320,893 | | 163,656 | 4,352 | 66,194 |
| 3 | 153,606 | 221,125 | 221,125 | 11,056 | 4,422 | 327,311 | | 166,929 | 4,439 | 67,518 |
| 4 | 156,679 | 225,547 | 225,547 | 11,277 | 4,511 | 333,857 | | 170,267 | 4,527 | 68,869 |
| 5 | 159,812 | 230,058 | 230,058 | 11,503 | 4,601 | 340,535 | | 173,673 | 4,618 | 70,246 |
| 6 | 163,008 | 234,659 | 234,659 | 11,733 | 4,693 | 347,345 | | 177,146 | 4,710 | 71,651 |
| 7 | 166,269 | 239,352 | 239,352 | 11,968 | 4,787 | 354,292 | | 180,689 | 4,805 | 73,084 |
| 8 | 169,594 | 244,139 | 244,139 | 12,207 | 4,883 | 361,378 | | 184,303 | 4,901 | 74,545 |
| 9 | 172,986 | 249,022 | 249,022 | 12,451 | 4,980 | 368,606 | | 187,989 | 4,999 | 76,036 |
| 10 | 176,445 | 254,003 | 254,003 | 12,700 | 5,080 | 375,978 | 20% | 191,749 | 5,099 | 77,557 |
| 11 | 179,974 | 259,083 | 259,083 | 12,954 | 5,182 | 383,497 | 20% | 195,584 | 5,201 | 79,108 |
| 12 | 183,574 | 264,264 | 264,264 | 13,213 | 5,285 | 391,167 | 20% | 199,495 | 5,305 | 80,690 |
| 13 | 187,245 | 269,550 | 269,550 | 13,477 | 5,391 | 398,990 | 20% | 203,485 | 5,411 | 82,304 |
| 14 | 190,990 | 274,941 | 274,941 | 13,747 | 5,499 | 406,970 | 40% | 207,555 | 5,519 | 83,950 |
| 15 | 194,810 | 280,439 | 280,439 | 14,022 | 5,609 | 415,110 | 40% | 211,706 | 5,629 | 85,629 |
| 16 | 198,706 | 286,048 | 286,048 | 14,302 | 5,721 | 423,412 | 40% | 215,940 | 5,742 | 87,342 |
| 17 | 202,680 | 291,769 | 291,769 | 14,588 | 5,835 | 431,880 | 40% | 220,259 | 5,857 | 89,089 |
| 18 | 206,734 | 297,605 | 297,605 | 14,880 | 5,952 | 440,518 | 60% | 224,664 | 5,974 | 90,871 |
| 19 | 210,869 | 303,557 | 303,557 | 15,178 | 6,071 | 449,328 | 60% | 229,157 | 6,093 | 92,688 |
| 20 | 215,086 | 309,628 | 309,628 | 15,481 | 6,193 | 458,315 | 60% | 233,740 | 6,215 | 94,542 |
| 21 | 219,388 | 315,820 | 315,820 | 15,791 | 6,316 | 467,481 | 60% | 238,415 | 6,340 | 96,433 |
| 22 | 283,103 | 322,137 | 381,464 | 19,073 | 7,629 | 476,831 | 80% | 243,184 | 6,466 | 98,361 |
| 23 | 288,765 | 328,579 | 389,094 | 19,455 | 7,782 | 486,367 | 80% | 248,047 | 6,596 | 100,328 |
| 24 | 294,541 | 335,151 | 396,876 | 19,844 | 7,938 | 496,094 | 80% | 253,008 | 6,728 | 102,335 |
| 25 | 300,431 | 341,854 | 404,813 | 20,241 | 8,096 | 506,016 | 80% | 258,068 | 6,862 | 104,382 |

| | | | | | | | | | | |
|--------------|-----------|-----------|-----------|---------|---------|------------|--|-----------|---------|-----------|
| TOTAL | 4,973,533 | 6,807,656 | 7,052,181 | 352,609 | 141,044 | 10,076,772 | | 5,139,154 | 136,653 | 2,078,649 |
|--------------|-----------|-----------|-----------|---------|---------|------------|--|-----------|---------|-----------|

ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
Projected figures subject to rounding discrepancies

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 25 YEAR)

Block: 12301 Lot: 11.01 Loc: 190 ACADEMY ST.

| Market Rate Units | Number of Units | Demographic Multipliers (Transit Oriented Development)* | | Total | | Annual Expenditures | | Total Annual Expenditures | | |
|----------------------|--------------------|--|----------|-----------|----------|-------------------------|----------------------------------|------------------------------|-----------------|--------------|
| | | Household | Students | Residents | Students | Per Capita Municipal | Per Pupil Per School District | Municipal | School District | Total |
| Planned Development | | | | | | | | | | |
| Studio | 122 | 1,000 | 0.000 | 122.00 | 0.00 | \$1,172.97 | \$3,673.00 | \$143,102.69 | \$0.00 | \$143,102.69 |
| TOTAL | 122 | | | 122.00 | 0.00 | | | \$143,102.69 | \$0.00 | \$143,102.69 |

| | | | | | | | |
|--|-----------------|-------------------------------|---------------|---|------------|---|----------------|
| 1. Total Municipal Ratables | \$6,093,045,337 | 4. CY 2016 Budget | \$570,918,095 | 6. Population of Jersey City (2014 Census) | 262,146 | 9. Increase in Services Incurred Per Development | \$ 143,102.69 |
| 2. Residential Ratables | \$3,281,646,604 | | | 7. Per Capita Municipal Cost | | 10. Anticipated Gross PILOT (1st Year) | |
| Commercial Ratables | \$1,524,059,780 | | | | \$1,172.97 | 11.5% AGR | \$ 212,538.00 |
| | | | | | | 2% Admin | \$ 4,250.76 |
| | | | | | | Less Land Tax (77.01) | \$ (64,896.33) |
| 3. Residential Ratables as a Percentage of Total Ratables | 53.86% | 5. Residential Portion | \$307,490,150 | 8. Annual Expenditures Per Student** | \$3,673.00 | 11. 1st Year Net PILOT | \$ 151,892.43 |
| | | | | | | 12. Implied Surplus (Cost) | \$ 8,789.74 |

Classic Average costing approach for projecting the impact of population change and local Municipal and School District costs

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 842,700
BLDG: 3,242,500

TIER 4 - FINANCIAL AGREEMENT (30 YEAR)

Rev. 9/06/16

Long Term Tax Exemption

N.J.S.A. 40A:20-1, et seq.

Residential Rental or Residential Condominium

Re: 184-190 Academy Street
Approximately _____ Acres
Block 12301, Lot 11.01 (formerly Lots 11, 12, 13 and 14)
Journal Square 2060 Redevelopment Plan

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement], is made the ____ day of _____, 2016 by and between **190 ACADEMY URBAN RENEWAL, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 15 E 31st Street, 6th Floor, New York, NY 10016 [Entity], and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Contract Purchaser of certain property designated as Block 12301, Lot 11.01 (formerly Lots 11, 12, 13 and 14), more commonly known by the street address of 184-190 Academy Street, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the Journal Square 2060 Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct a seven (7) story building to contain approximately one hundred twenty-two (122) market rate residential rental units and 2,208 square feet of retail/commercial space [Project]; and

WHEREAS, on November 10, 2015, the Project received site plan approval from the Planning Board; and

WHEREAS, on August 11, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance_____ on _____, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax generates revenue of only \$64,896.33, whereas, the Annual Service charge as initially estimated, will generate revenue to the City of approximately \$212,538;
2. as required by ordinance 13-088, the Entity shall pay the City the sum of \$62,104 on or before the effective date of the ordinance approving the Financial Agreement, and will pay the balance of \$124,208 as an affordable housing contribution as required by the ordinance;
3. it is expected that the Project will create approximately eighty (80) new construction jobs and two (2) new permanent full time jobs;
4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
5. the Project will further the objectives of the Journal Square 2060 Redevelopment Plan, and will include the development of vacant property;
6. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

B. Assessment of the Importance of the Tax Exemption in obtaining development of the Project and influencing the locational decisions of probable occupants:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and
3. have a positive impact on the surrounding area.

II. Purpose: Construction Jobs, Business Contracting, Permanent Jobs

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

Because this project is not subject to the terms of a Project Labor Agreement during construction, this agreement shall apply to all Construction Jobs, Business Contracts and non-construction Permanent Jobs. Recipients are also required to notify any commercial tenants of employment services available from the City:

III. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient shall send a letter designating its "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Exhibit A. This Officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Exhibit B.

IV. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____, approving the tax exemption and terminate the earlier of 30 years from the date of the adoption of that Ordinance or 25 years from the date of Substantial Completion of the Project.

V. Required Goals:

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the

and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include an annual payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual non-accrued Net Profit and annual Excess Profit due to the City, if any. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of this Agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean 190 Academy Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xi. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xii. Land Taxes - The amount of taxes assessed on the value of land, on which the Project is located and, if applicable, taxes on any pre-existing improvements. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiii. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xv. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties agree is \$64,896; and (b) upon Substantial Completion, the sum of \$212,538 per year, which sum is equal to the estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge.

xvi. Net Profit - The Annual Gross Revenues of the Entity less all annual operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of excess profits pursuant to N.J.S.A.

40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xvii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xviii. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy whether temporary or permanent for any portion of the Project.

xix. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xx. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be included from Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title. If the Service Charge is a

percentage of Total Project Cost, then the Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 12301, Lot 11.01 (formerly Lots 11, 12, 13 and 14), more commonly known by the street address 184-190 Academy Street, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a seven (7) story building to contain approximately one hundred twenty-two (122) market rate residential rental units and 2,208 square feet of retail/commercial space; all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5, and in compliance with any Redevelopment Agreement.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the Contract Purchaser of the property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Sales Prices or Rents

The Entity represents that its good faith projections of the initial [sale prices or rents] and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 30 years from the date of the adoption of Ordinance _____ on _____, 2016, which approved the tax exemption or 25 years from the original date of Substantial Completion of the Project or _____ 2016. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

- i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 11.5% of the Annual Gross Revenue, which sum is initially estimated to be \$212,538. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.
- ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge, which sum is estimated to be \$10,627, shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 6th year, the Annual Service Charge shall be 11.5% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 7th year following Substantial Completion until the last day of the 10th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 11th year following the Substantial Completion until the last day of the 14th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 15th year following Substantial Completion until the last day of the 20th year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

v. Final Stage: Beginning on the 1st day of the 21st year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and other remedies, the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two (2%) percent of each prior year's Annual Service Charge, which sum is estimated to be \$4,251. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$186,312 or \$1,500 per unit and \$1.50 per square foot of commercial space, as a contribution. This payment is non-refundable and non-transferrable and shall be forfeited should either party terminate the tax exemption prior to the end of the herein term. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit for the Project, but no later than six months after the date of the Financial Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

If the construction costs exceed \$25 million, then the Entity must execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code. The Entity asserts that the construction costs will not exceed \$25 million and therefore a Project Labor Agreement (PLA) is not required. Notwithstanding construction costs under \$25 million, the Entity must comply with Chapter 304-34(C) of the Municipal Code and provide certification of its construction costs. In the event that the construction costs do exceed the \$25 million threshold,

the entity shall be required to pay the damages as set forth in Chapter 304-37(3) of the Municipal Code.

The Entity shall execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code as it exists or as it may be amended from time to time.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

The Entity also agrees to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required wage, benefit and leave standards for building service workers. All janitors and unarmed security guards employed at the Projects, including by any and all tenants or subtenants of the developer, shall not be paid less than the standard hourly rate of pay and benefits for their respective classifications and shall be provided with paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1).

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5. The failure to secure the Certificates of Occupancy shall subject the Property to full taxation for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the

issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall include

those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement even though those costs may have been deducted from the project costs for purposes of calculating the annual service charge.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project, shall be void unless approved in advance by Ordinance of the Municipal Council. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in

ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2015-007, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using

reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the consent of the City, the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

The City shall, among its other remedies, have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. In order to secure the full and timely payment of the Annual Service Charge, the City on its own behalf, or on behalf of the Trustee, reserves the right to prosecute an In Rem Tax Foreclosure action against the Project Area in accordance with Applicable Law, as more fully set forth in this Financial Agreement.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified

remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's land and property, in the manner provided by the In Rem Foreclosure Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project, as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For

purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements for the Project.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount

which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

190 Academy Urban Renewal, LLC
15 East 31st Street, 6th Floor
New York, New York 10016
Attn: Ken Soto

and

Connell Foley, LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
Attn: Charles Harrington, III, Esq.

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such

Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Rents;

8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Deed.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

190 ACADEMY URBAN RENEWAL, LLC

KEN SOTO, PRESIDENT

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

New & Revised as of February, 2016

(Including Construction Jobs, for Projects with no PLA)

To accord with new Chapter 304 (Croson), only pages 1 through 7 have been amended.

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ____ day of ____, 2016, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **190 ACADEMY URBAN RENEWAL, LLC** [Recipient], having its principal office at 15 East 31st Street, 6th Floor, New York, NY 10016.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings unless the context clearly indicates otherwise.

1. "City" means the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. Construction Contract means any agreement for the erection, repair, alteration or demolition of any building, structure, bridge, roadway or other improvement on a Project Site.
4. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
5. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council.
6. "Employment" includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this agreement.
7. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
8. "Local Business" means a bona fide business located in Jersey City.
9. "Minority" means a person who is defined as such under federal or state law.

10. "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a Minority or woman.
11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
12. "Project or Project Site" means the specific work location or locations specified in the contract.
13. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration, who is in charge of overseeing compliance of Project Employment & Contracting Agreements. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Coordinator. The Coordinator may incorporate referrals from JCEPT or its One-Stop Career Center if the City's agreement with JCEPT so provides.
14. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
15. The "Receipt's Officer" is an employee of the Recipient who is designated by the Recipient to make sure the Recipient is in compliance with the Recipient's Project Employment & Contracting agreement.
16. "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive also referred to as a developer.
17. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "Subcontractor" means a third party that is engaged by the prime Contractor to perform under a subcontract all or part of the work included in an original contract.
20. "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II. Purpose: Construction Jobs, Business Contracting, Permanent Jobs

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

Because this project is not subject to the terms of a Project Labor Agreement during construction, this agreement shall apply to all Construction Jobs, Business Contracts and non-construction Permanent Jobs. Recipients are also required to notify any commercial tenants of employment services available from the City.

III. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient shall send a letter designating its "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Exhibit A. This Officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Exhibit B.

IV. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____, approving the tax exemption and terminate the earlier of ___ years from the date of the adoption of that Ordinance or ___ years from the date of Substantial Completion of the Project.

V. Required Goals:

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the

Recipient shall be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. The goals are as follows:

1. **Employment (Construction and Permanent Jobs):** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing twenty (20%) percent of labor hours who are Minorities and who are women.
2. **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding ten (10%) percent of the dollar amount of its contracts to Minority or Women Owned Businesses.

VI. Construction Jobs Procedure:

1. **Construction Jobs:** Recipient shall comply with all of the following conditions:

A. Initial Contracting Report

- i) The Recipient shall submit the initial contracting report. A letter must be forwarded with requests for quotation or bid to the Office of Diversity and Inclusion for minority contractors or vendors for any construction or building operating goods, services and sub-contracting opportunities. An example of this letter is given in Exhibit C.
- ii) The Recipient shall contact those businesses to submit bids. An example of this letter can be found in Exhibit D.

B. Initial Manning Report:

- i) Prior to the commencement of their work on the Project, the Recipient shall obtain from all Contractors/Subcontractors an Initial Manning Report.
- ii) The Initial Manning Report should contain an estimate of the total hours in each construction trade or craft and the number of hours to be worked, including a list of the number of minority residents and women that will work in each trade or craft, including the work hours to be performed by such employees of any and all Contractors and Subcontractors. Attached hereto as Exhibit ____ is the Recipient's Initial Manning Report.
- iii) The Initial Manning Report shall be filed with the Project Employment and Contracting Monitor, who must accept the Report prior to the Recipient entering into any construction contract. An example of this acceptance letter is given in Exhibit ____.

C. Compliance Statement

Prior to commencement of their work on the Project, each Contractor or Subcontractor must agree in writing to comply with this agreement and the employment goals elaborated herein. An example of this Compliance Statement can be found in Exhibit _____.

D. Monthly Reports:

Manning Report (after construction commences)

- i) The Recipient will submit Monthly Project Manning Reports to the Project Employment & Contracting Monitor in DEO under the Department of Administration by the seventh day of the month following the month during which the work is performed, for the duration of the contract.
- ii) The report will accurately reflect the total hours in each construction trade or craft and the number of hours worked, including a list of the number of minority resident and women resident workers in each trade or craft, and will list separately the work hours performed by such employees of the Contractor and each of its Subcontractors during the previous month. The Monthly Manning Report shall be in the form attached hereto as Appendix G.
- iii) The Recipient is responsible for maintaining or causing the Contractor to maintain all records supporting the reported work hours of its Contractors or Subcontractors.

Certified Payroll Report

- i) The Recipient will furnish the Project Employment & Contracting Monitor with copies of its weekly Certified Payroll reports. The reports will specify the residence, gender and ethnic/racial origin of each worker, work hours and rate of pay and benefits provided. The Certified Payroll report shall be in the form attached hereto as Exhibit _____.
- ii) Payroll reports must be submitted on a monthly basis with the Monthly Manning Report or the Recipient is no longer in compliance.

E. Annual Equal Employment Opportunity Reports

Prior to commencement of work on the Project, the Recipient will submit copies of the most recent Local Union Report (EEO-3) and Apprenticeship Information Report (EEO-2) which are required to be filed with the US Commission of Equal Employment Opportunity Commission by the collective bargaining unit and annually thereafter.

F. Other Reports

In addition to the above reports, the Recipient shall furnish such reports or other documents to the City as the City may request from time to time in order to carry out the purposes of this agreement.

G. Records Access

The Recipient will insure that the City will have reasonable access to all records and files reasonably necessary to confirm the accuracy of the information provided in the reports.

H. Work Site Access For Monitor

- i) The City will physically monitor the work sites subject to this agreement to verify the accuracy of the monthly reports. Each work site will be physically monitored approximately once every two weeks, and more frequently if it is deemed reasonably necessary by the City. The City's findings shall be recorded in a "Site Visit Report." An example of a bi-weekly site visit report can be found in Exhibit _____.
- ii) The Recipient shall require the Contractor and Sub-contractor to cooperate with the City's site monitoring activities and inform the City as to the dates they are working at the Project site. This includes specifically instructing the on-site construction manager about the monitoring process, and informing him/her that the monitor will contact him/her to set up an initial meeting. In the case of projects with multiple locations, the Recipient shall inform the City of the dates they are working at each site location(s) where they are working, in order to facilitate the monitoring.

VII. Permanent Jobs Procedures:

1. **Permanent Jobs:** Recipient shall comply with all of the following conditions:

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this meeting:

- i) whether subcontractors will be used in the hiring process.
- ii) the specific types of jobs that need to be filled.
- iii) the qualifications needed for these particular jobs.
- iv) possible training programs offered by the permanent employer.
- v) the Recipient's goals and how it plans to meet these goals.
- vi) any other issues which need to be addressed.

B. Subcontractor Notification -- If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment

& Contracting Monitor. An example of this signed acknowledgment can be found in Appendix 3.

- C. Subcontractor Pre-Hiring Job Awareness Meeting -- Each subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 1.A.(i)-(vi) and notify the City.
- D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.
- E. Documentation of Hiring Plan--Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix 4.
- F. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- G. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- J. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
- K. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- L. Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
- M. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

VIII. Good Faith Defined. Business Contracts

- A. Good Faith shall mean compliance with all of the following conditions:
 - i) Solicitation of Businesses:
 - a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
 - b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
 - c) Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
 - d) Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
 - e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.

- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
 - g) Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
 - h) Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
 - i) Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
 - j) Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.
- B. The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by Project Employment and Contracting Monitor of a Recipient, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

IX. Good Faith Defined. Commercial Tenants at the Project Site

Good Faith shall mean compliance with all of the following conditions:

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.

B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.

C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

X. Notices of Violation:

1. Advisory Notice: The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have 7 days to correct the violation.

2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation.

3. Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this agreement and so advises the City in writing, subject to confirmation by the City.

4. Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

XI. Liquidated Damages:

1. While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration of any cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:

A. Failure to file Initial Manning Report (Construction Jobs) or Pre-Hiring Notification (Permanent Jobs) or Pre-Contracting Notification (Business Contracts): an amount equal

to Five percent (5%) increase in the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.

- B. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

XII. Notices

Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, addressed as follows:

1. When sent by the City to the Recipient it shall be addressed to:

190 Academy Urban Renewal, LLC
15 East 31st Street,
6th Floor,
New York, New York 10016
Att: Ken Soto

and

Connell Foley, LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, New Jersey 07311
Att: Charles J. Harrington, Esq.

2. When sent by the Recipient to the City, it shall be addressed to:

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

XIII. Appendix

These forms are examples only and shall be in substantially the form on file in the Division of Economic Opportunity, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

XIV. Adoption, Approval, Modification:

This agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under this agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

In the event there are any conflicts between this Agreement and any Project Labor Agreement, then as it pertains to construction jobs covered by the PLA, the Project Labor Agreement shall govern. Wherever possible, this Agreement shall be interpreted consistently with the Project Labor Agreement.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

190 ACADEMY URBAN RENEWAL, LLC

Secretary

Ken Soto, President

City Clerk File No. Ord. 16.146

Agenda No. 3.H 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.146

TITLE: ORDINANCE APPROVING A 30 YEAR TAX EXEMPTION FOR A MIXED USE MARKET RATE RENTAL PROJECT TO BE CONSTRUCTED BY KKF BLOCK 1 URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, KKF Block 1 Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (Entity); and

WHEREAS, the Entity is the Lessee of certain property under a Ground Lease with New Jersey City University under the New Jersey Economic Stimulus Act of 2009, dated September 21, 2015, designated as Block 21902.02, Lot 2, located on NJCU West Campus, on the City's Official Tax map, consisting of approximately 1.289 acres which will be known by the street address of 13 Carbon Place and 35 Carbon Place, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within the NJCU West Campus Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Project received a Section 31 Review from the Planning Board on October 20, 2015 to construct two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants (Project); and

WHEREAS, by application dated August 25, 2016, the Entity applied for a 30 year Long Term Tax Exemption; and

WHEREAS, KKF Block 1 Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 11% of the Annual Gross Revenue, which sum is initially estimated to be \$465,115; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee initially estimated at \$9,302; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge estimated to be \$23,256; and
5. pay the sum of \$254,441 to the City's Affordable Housing Trust Fund;

6. execute a Project Employment & Contracting Agreement; execute a Project Labor Agreement pursuant to Section 304-33 of the Jersey City Municipal Code, and comply with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the property generates a land tax of only \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$465,115 upon Substantial Completion;
2. the Project will create approximately two hundred sixty-four (264) new construction jobs and twenty-four (24) new permanent full time jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the NJCU West Campus Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project will outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charge will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, KKF Block 1 Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing appropriate letters of its lobbyists in the Office of the City Clerk; and

WHEREAS, KKF Block 1 Urban Renewal, LLC, has agreed to execute a Project Employment & Contracting Agreement, and a Project Labor Agreement, and also to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required Wage, Benefit and Leave standards for any building service workers.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The August 25, 2016, application of KKF Block 1 Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., a copy of which is on file in the office of the City Clerk, property designated as Block 21902.02, Lot 2, located on NJCU West Campus, on the City's Official Tax map, consisting of approximately 1.289 acres, and which will be known by the street address of 13 Carbon Place and 35 Carbon Place, more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 35 years from the adoption of the within Ordinance or 30 years from the date the project is Substantially Complete;

2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge is \$-0-, but will be \$465,115 upon Substantial Completion, whether or not the Project is occupied; or
 - (b) 11% of the Annual Gross Revenue, which initial sum is estimated to be \$465,115, and which shall be subject to statutory increases during the term of the tax exemption;
 - (c) the Annual Service Charge shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the requirements of Ordinance 07-123.
3. Administrative Fee: 2% of the prior year's Annual Service Charge estimated to be \$9,302;
4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County estimated to be \$23,256;
5. Project: A mixed use market rate rental project to consist of two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants;
6. Affordable Housing Trust Fund: \$1,500 per unit x 152 units or \$228,000; and \$1.50 per square foot x 17,627 square feet of commercial/parking space or \$26,441; for a total of \$254,441. Such funds will be accelerated and are non-refundable and may not be transferred in the event of a termination or expiration of the Financial Agreement;
7. Staged Adjustments:
 - (a) Stage One: years 1-9, Annual Service Charge shall be 11% of Annual Gross Revenue;
 - (b) Stage Two: years 10-13, Annual Service Charge or 20% of the amount of the taxes otherwise due;
 - (c) Stage Three: years 14-17, Annual Service Charge or 40% of the amount of the taxes otherwise due;
 - (d) Stage Four: years 18-21, Annual Service Charge or 60% of the amount of the taxes otherwise due;
 - (e) Final Stage: Beginning on the 1st day of the 22nd year through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
9. Project Labor Agreement: an obligation to execute a Project Labor Agreement pursuant to Section 304-37(3) of the Municipal Code.
10. Compliance with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code for any building service workers serving the Project.
11. The Affordable Housing Trust Fund contribution: payments shall be due on execution of the Financial Agreement, but in no event later than 30 days from the date of the adoption

of the within ordinance. If the Financial Agreement is not executed for any reason whatsoever, interest shall accrue on such payments as of the 31st day at the highest rate permitted for unpaid real estate taxes.

12. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance unless extended at the City's sole discretion. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided.
13. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project: 1) commences no later than four (4) years from the date the within ordinance is adopted; and 2) is Substantially Complete no later than five (5) years from the date of adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in [brackets] are omitted.
For purposes of advertising only, new matter is indicated by **boldface**
and repealed matter by *italic*.

JM/he
9/06/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

DATE: September 1, 2016

TO: Lee Chang (For distribution to City Council and City Clerk)

FROM: Al Cameron, Fiscal Officer - Tax Collector's Office

SUBJECT: THIRTY YEAR TAX ABATEMENT: MIXED-USE MARKET- RATE RENTAL
PROJECT – KKF Block 1 Urban Renewal, LLC
Block 21902.02 Lot 2

CC: M. Cosgrove, E. Borja, J. Monahan, E. Toloza, M. Vigil, R. Kakoleski,
R. Lavarro, P. Leandre, K. Kane

INTRODUCTION:

The applicant, KKF Block 1 Urban Renewal, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a two (2) building market rate mixed use rental project within the NJCU West Campus Redevelopment Plan. The application fee of \$9,500 was paid.

LOCATION OF THE PROPERTY:

The applicant entered into a ground lease with New Jersey City University for property located on the West Campus between Route 440 and West Side Avenue. The project on consists of Block 21902.02 Lot 2. It is referred to as West Campus Block 1 the two (2) buildings will be known as 13 Carbon Place and 35 Carbon Place.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be two (2) four (4) story market rate mixed-use rental buildings. Each building will contain home occupation units.

A home occupation unit is a one (1) Bedroom unit that is adjacent to and connected with a separate office/retail space. The commercial area of the home occupation units is included in the total shown for each building. The home occupation units are included in the one (1) bedroom tally below.

The building at 13 Carbon place will contain approximately seventy-four (74) dwelling units, twelve (12) single car parking garages and 7,609 square feet of commercial space.

The building at 35 Carbon place will contain approximately seventy-eight (78) dwelling units, eleven (11) single car parking garages and 4,294 square feet of commercial space.

There will be a shared surface parking lot with approximately one hundred and twenty-three (123) parking spaces available for lease to tenants of the two (2) buildings.

The residential units for the total project are as follows:

| <u>Unit Type</u> | <u>Number of Units</u> |
|-------------------------------|------------------------|
| Studio | 13 |
| One Bedroom | 100 |
| One Bedroom (Home Occupation) | 8 |
| Two Bedroom | 31 |
| Total | <u>152</u> |

ESTIMATED TOTAL PROJECT COST:

The cost of construction estimated at \$33,326,020 is certified by William Feinberg, the applicant's architect. The estimated breakdown is \$13,330,408 for labor and \$19,995,612 for materials. Total Project Cost is projected at \$39,681,388.

CONSTRUCTION SCHEDULE:

The applicant estimates construction will begin in April 2020 with completion in December 2021. Since this is beyond the normal requirement that construction must commence within two (2) years of the approval of the abatement, the applicant will request a waiver.

ESTIMATED JOBS CREATED:

The applicant estimates creation of two hundred and sixty-four (264) jobs during Construction. Post-construction jobs are projected at four (4) part-time and twenty-four (24) full-time and permanent positions. The applicant will execute both a Project Employment and Contracting Agreement and a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

KKF BLOCK 1 URBAN RENEWAL LLC AHTF PAYMENT

| | | Rate | Amount |
|--------------------|--------|---------|--------------|
| Residential Units | 152 | \$1,500 | \$228,000.00 |
| Commercial Sq. Ft. | 11,903 | \$1.50 | \$17,854.50 |
| Parking Sq. Ft. | 6,318 | \$1.50 | \$9,477.00 |

Total AHTF Payment

\$255,331.50

CURRENT REAL ESTATE TAX:

KKF Block 1 Urban Renewal, LLC Sum 30 Yr.docx
9/7/2016 2:42 PM

The property owned by New Jersey City University is currently tax exempt. The new assessment for the land based upon the proposed project of Block 21902.02 Lot 2 is \$1,068,500. The proposed Improvements are assessed at \$7,798,400.

At the current tax rate of \$77.01 the estimated annual land tax based upon the new assessment is \$82,285.

PROPOSED ABATEMENT:

The applicant has requested a term of the lesser of thirty five (35) years from the date of approval of an ordinance approving the abatement or thirty (30) years from substantial completion of the project.

The Applicant proposes an Annual Service Charge of eleven percent (11%) of Annual gross revenue, a two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County.

The applicant intends to comply with all terms in both the Project Employment and Contracting Agreement and Project Labor Agreement in order to reduce the Annual Service Charge from eleven percent (11%) to ten percent (10%) of annual gross revenue.

STAGED ADJUSTMENTS:

While the applicant proposed to begin the staged adjustments in year sixteen (16), our approved schedule beginning in year ten (10) is below.

Beginning the first day of year ten (10) through the end of year thirteen (13) it would be the greater of the Annual Service Charge or twenty percent (20%) of conventional taxes otherwise due.

Beginning the first day of year fourteen (14) through the end of year seventeen (17) it would be the greater of the Annual Service Charge or forty percent (40%) of conventional taxes otherwise due.

Beginning the first day of year eighteen (18) through the end of year twenty-one (21) it would be the greater of the Annual Service Charge or sixty percent (60%) of conventional taxes otherwise due.

Beginning in year twenty-two (22) through the end of year thirty (30) it would be the greater of the Annual Service Charge or eighty percent (80%) of conventional taxes otherwise due.

Beginning in year thirty-one (31) the project would pay full conventional tax.

The PILOT would be the greater of the Annual Service Charge (ASC) or the result of the

staged adjustments.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Good Faith estimated annual revenue is \$4,228,317. The Annual Service charge at the rate of eleven percent (11%) is \$465,115. The City Administrative fee at two percent (2%) would be \$9,302 and the Hudson County fee of five percent (5%) would be \$23,256.

The Fiscal Impact Cost Projection included shows positive revenue to cost.

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.02 Lot: 2

Loc: 13 & 35 CARBON PLACE

| Market Rate Units | Number of Units | Demographic Multipliers (Transit Oriented Development)* | | Total | | Annual Expenditures | | Total Annual Expenditures | | |
|----------------------|--------------------|--|----------|---------------|-------------|-------------------------|----------------------------------|------------------------------|--------------------|---------------------|
| | | | | | | Per Capita Municipal | Per Pupil Per School District | Municipal | School District | Total |
| | | Household | Students | Residents | Students | | | | | |
| Planned Development | | | | | | | | | | |
| Studio | 13 | 1.000 | 0.000 | 13.00 | 0.00 | \$1,181.83 | \$3,673.00 | \$15,363.77 | \$0.00 | \$15,363.77 |
| 1 Bedroom | 108 | 1.421 | 0.050 | 153.47 | 5.40 | \$1,181.83 | \$3,673.00 | \$181,372.91 | \$19,834.20 | \$201,207.11 |
| 2 Bedroom | 31 | 2.012 | 0.120 | 62.37 | 3.72 | \$1,181.83 | \$3,673.00 | \$73,713.03 | \$13,663.56 | \$87,376.59 |
| TOTAL | 152 | | | 228.84 | 9.12 | | | \$270,449.71 | \$33,497.76 | \$303,947.47 |

| | | | | | | | |
|---|-----------------|------------------------|---------------|---|------------|---|----------------|
| 1. Total Municipal Ratables | \$5,997,768,597 | 4. CY 2015 Budget | \$535,307,187 | 6. Population of Jersey City (2010 Census) | 247,597 | 9. Increase in Services Incurred Per Development | \$ 303,947.47 |
| 2. Residential Ratables | \$3,278,586,056 | | | 7. Per Capita Municipal Cost | | 10. Anticipated Gross PILOT (1st Year) | |
| Commercial Ratables | \$1,512,274,524 | | | | | 11% AGR | 465,115.00 |
| | | | | | | 2% Admin | \$ 9,302.30 |
| | | | | | \$1,181.83 | Less Land Tax (74.82) | \$ (79,945.17) |
| 3. Residential Ratables as a Percentage of Total Ratables | 54.66% | 5. Residential Portion | \$292,617,271 | 8. Annual Expenditures Per Student** | \$3,673.00 | 11. 1st Year Net PILOT | \$ 394,472.13 |
| | | | | | | 12. Implied Surplus (Cost) | \$ 90,524.66 |

Classic Average costing approach for projecting the impact of population change and local Municipal and School District costs

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,068,500
BLDG: 7,798,400

SERVICE CHARGE VS CONVENTIONAL

***ASSUMING 77.01 TAX RATE WITH 2% ANNUAL INCREASE**

KKF BLOCK 1

BLOCK 21902.02
LOT 2

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

| | | | | | |
|-------|-----------|--------|----|-------------------------------------|---------|
| LAND | 1,068,500 | COUNTY | 5% | EXISTING ASSESSMENT | 802,400 |
| BLDG | 7,798,400 | ADMIN | 2% | | |
| TOTAL | 8,866,900 | | | PROJECTED SERVICE CHARGE (1ST YEAR) | 465,115 |

| YEAR | ASC w/ Phase-In Less Land Tax Credit | ASC w/ 2% Annual Increase | ASC w/ 2% Annual Increase & Phase-In | County | Admin | Estimated Conventional Taxes On NEW Assessment | Staged Adj Rate | Conventional Taxes at 51% (Estimated) | Current Taxes On EXISTING Assessment | Land Tax |
|------|--------------------------------------|---------------------------|--------------------------------------|--------|--------|--|-----------------|---------------------------------------|--------------------------------------|----------|
| 1 | 382,830 | 465,115 | 465,115 | 23,256 | 9,302 | 682,840 | | 348,248 | 61,793 | 82,285 |
| 2 | 390,486 | 474,417 | 474,417 | 23,721 | 9,488 | 696,497 | | 355,213 | 63,029 | 83,931 |
| 3 | 398,296 | 483,906 | 483,906 | 24,195 | 9,678 | 710,427 | | 362,318 | 64,289 | 85,610 |
| 4 | 406,262 | 493,584 | 493,584 | 24,679 | 9,872 | 724,635 | | 369,564 | 65,575 | 87,322 |
| 5 | 414,387 | 503,455 | 503,455 | 25,173 | 10,069 | 739,128 | | 376,955 | 66,887 | 89,068 |
| 6 | 422,675 | 513,525 | 513,525 | 25,676 | 10,270 | 753,911 | | 384,494 | 68,224 | 90,849 |
| 7 | 431,129 | 523,795 | 523,795 | 26,190 | 10,476 | 768,989 | | 392,184 | 69,589 | 92,666 |
| 8 | 439,751 | 534,271 | 534,271 | 26,714 | 10,685 | 784,368 | | 400,028 | 70,981 | 94,520 |
| 9 | 448,546 | 544,956 | 544,956 | 27,248 | 10,899 | 800,056 | | 408,028 | 72,400 | 96,410 |
| 10 | 457,517 | 555,855 | 555,855 | 27,793 | 11,117 | 816,057 | 20% | 416,189 | 73,848 | 98,338 |
| 11 | 466,667 | 566,973 | 566,973 | 28,349 | 11,339 | 832,378 | 20% | 424,513 | 75,325 | 100,305 |
| 12 | 476,001 | 578,312 | 578,312 | 28,916 | 11,566 | 849,026 | 20% | 433,003 | 76,832 | 102,311 |
| 13 | 485,521 | 589,878 | 589,878 | 29,494 | 11,798 | 866,006 | 20% | 441,663 | 78,368 | 104,358 |
| 14 | 495,231 | 601,676 | 601,676 | 30,084 | 12,034 | 883,326 | 40% | 450,496 | 79,936 | 106,445 |
| 15 | 505,136 | 613,709 | 613,709 | 30,685 | 12,274 | 900,993 | 40% | 459,506 | 81,534 | 108,574 |
| 16 | 515,239 | 625,984 | 625,984 | 31,299 | 12,520 | 919,013 | 40% | 468,696 | 83,165 | 110,745 |
| 17 | 525,543 | 638,503 | 638,503 | 31,925 | 12,770 | 937,393 | 40% | 478,070 | 84,828 | 112,960 |
| 18 | 536,054 | 651,273 | 651,273 | 32,564 | 13,025 | 956,141 | 60% | 487,632 | 86,525 | 115,219 |
| 19 | 546,775 | 664,299 | 664,299 | 33,215 | 13,286 | 975,264 | 60% | 497,384 | 88,255 | 117,524 |
| 20 | 557,711 | 677,585 | 677,585 | 33,879 | 13,552 | 994,769 | 60% | 507,332 | 90,020 | 119,874 |
| 21 | 568,865 | 691,136 | 691,136 | 34,557 | 13,823 | 1,014,664 | 60% | 517,479 | 91,821 | 122,271 |
| 22 | 703,249 | 704,959 | 827,966 | 41,398 | 16,559 | 1,034,958 | 80% | 527,828 | 93,657 | 124,717 |
| 23 | 717,314 | 719,058 | 844,525 | 42,226 | 16,891 | 1,055,657 | 80% | 538,385 | 95,530 | 127,211 |
| 24 | 731,660 | 733,440 | 861,416 | 43,071 | 17,228 | 1,076,770 | 80% | 549,153 | 97,441 | 129,755 |
| 25 | 746,294 | 748,108 | 878,644 | 43,932 | 17,573 | 1,098,305 | 80% | 560,136 | 99,390 | 132,351 |
| 26 | 761,220 | 763,070 | 896,217 | 44,811 | 17,924 | 1,120,271 | 80% | 571,338 | 101,378 | 134,998 |
| 27 | 776,444 | 778,332 | 914,141 | 45,707 | 18,283 | 1,142,677 | 80% | 582,765 | 103,405 | 137,698 |
| 28 | 791,973 | 793,899 | 932,424 | 46,621 | 18,648 | 1,165,530 | 80% | 594,420 | 105,473 | 140,451 |
| 29 | 807,812 | 809,776 | 951,073 | 47,554 | 19,021 | 1,188,841 | 80% | 606,309 | 107,583 | 143,260 |
| 30 | 823,968 | 825,972 | 970,094 | 48,505 | 19,402 | 1,212,618 | 80% | 618,435 | 109,734 | 146,126 |

| | | | | | | | | | | |
|--------------|------------|------------|------------|-----------|---------|------------|--|------------|-----------|-----------|
| TOTAL | 16,730,557 | 18,868,822 | 20,068,709 | 1,003,435 | 401,374 | 27,701,506 | | 14,127,768 | 2,506,816 | 3,338,152 |
|--------------|------------|------------|------------|-----------|---------|------------|--|------------|-----------|-----------|

ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
Projected figures subject to rounding discrepancies

TIER 3 - FINANCIAL AGREEMENT (30 YEAR)
Rev. 8/29/16
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
Residential Rental or Residential Condominium

Re: 13 Carbon Place and 35 Carbon Place
Approximately 1.289 Acres
Block 21902.02, Lot 2
NJCU West Campus Redevelopment Plan Area

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the ____ day of _____, 2016, by and between **KKF BLOCK 1 URBAN RENEWAL, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 12 Hidden Glen, Skillman, NJ 08558, and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Ground Lessee pursuant to Ground Lease, hereinafter defined, of certain property designated as Block 21902.02, Lot 2, located on NJCU West Campus, on the City's Official Tax Map, consisting of approximately 1.289 acres, which will be known by the street address of 13 Carbon Place and 35 Carbon Place, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the NJCU West Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants; and

WHEREAS, on October 20, 2015 the Project received a Section 31 Review from the

Planning Board; and

WHEREAS, on August 25, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax generates revenue of approximately \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$465,115;
2. as required by ordinance 13-088, the Entity shall pay the City the total sum of \$254,441, with \$84,814 to be paid on the effective date of the ordinance approving the Financial Agreement, and the balance of \$169,627 as an affordable housing contribution as required by the ordinance;
3. it is expected that the Project will create approximately two hundred sixty-four (264) new construction jobs and twenty-four (24) new permanent full time jobs;
4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
5. the Project will further the objectives of the NJCU West Campus Redevelopment Plan, and will include the development of vacant property;
6. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of

maintenance to the building over the life of the Project, which will attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 2015-007, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance 16-____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

- i. Allowable Net Profit- The amount arrived at by applying, on a non-accrual basis, the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c), each year of the tax exemption.
- ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iii. Annual Gross Revenue - Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include an annual payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual not accrued Net Profit., and annual Excess Profit due to the City, if any. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of this Agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any

applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean KKF Block 1 Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Ground Lease - That certain Ground Lease entered into by New Jersey City University as Landlord and KKF Enterprises, LLC, as Tenant for the Property dated September 21, 2015 under and pursuant to the New Jersey Economic Stimulus Act of 2009 (N.J.S.A. 18:64-5) as transferred to the Entity, pursuant to that certain Transfer Agreement between KKF Enterprises, LLC and the Entity dated August 26, 2016, each of which are attached hereto as Exhibit 10.

xi. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xii. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xiii. Land Taxes - The amount of taxes assessed on the value of land, on which the project is located and, if applicable, taxes on any pre-existing improvements. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiv. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xvi. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to

taxation, which amount the parties expect will be \$ 0 ; and (b) upon Substantial Completion, the sum of \$465,115 per year, which sum is equal to the estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge set forth in subsection (b).

xvii. Net Profit - The Annual Gross Revenues of the Entity less all annual operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of annual excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xviii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xix. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy, whether temporary or

permanent, for any portion of the Project.

xx. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xxi. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be excluded from Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any other extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 21902.02, Lot 2, located on NJCU West Campus, which will be known by the street address of 13 Carbon Place and 35 Carbon Place, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will construct two (2) four (4) story market rate rental buildings with approximately one hundred and fifty-two (152) units; 11,903 square feet of commercial/retail space; approximately sixteen (16) parking spaces and twenty-three (23) garage spaces for residential tenants; all of which is specifically described in the Application dated

August 25, 2016 attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the Ground Lessee under the Ground Lease of the Property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial rents and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 35 years from the date of the adoption of Ordinance _____ on _____, 2016, which approved the tax exemption or 30 years from the date of Substantial Completion of the Project. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by an Entity formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual

payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 11% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 9th year, the Annual Service Charge shall be 11% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 10th year following Substantial Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 14th year following the Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 18th year following Substantial

Completion until the last day of the 21st year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

v. Final Stage: Beginning on the 1st day of the 22nd year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge, if the Entity is obligated by the Ground Lease to make Land Tax Payments, including any tax on the pre-existing improvements, payment must be timely made in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments made by it against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge for that quarter. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and any other remedies (including the appointment of a rent receiver), the right to proceed against the urban renewal entity personally pursuant to the Leasehold Taxing Act, N.J.S.A. 54:4-2.3 and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two (2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$228,000 or \$1,500 x 152 units; and \$26,441 or \$1.50 x 17,627 square feet of commercial and parking space, for a total of \$254,441 as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit or commencement of construction, for the Project, but no later than six months after the date of the Financial Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

The Entity shall execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code as it exists or as it may be amended from time to time.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

Since construction costs are certified to exceed \$25 million, the Entity shall comply with the Living Wage mandate and the Entity shall immediately require compliance with Section 3-76(c) in all its contracts and leases. This means that janitors and unarmed security guards employed at the Projects, including by any and all tenants or subtenants of the developer, will not be paid less than the standard hourly rate of pay and benefits for their respective classifications. It also means that they will be provided with the paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1).

Section 5.4 Annual Service Charge Reduction Following Compliance With City Ordinance 07-123

Notwithstanding anything in this Agreement to the contrary, the City Service Charge described in Article 4, Section 4.1(i) hereof shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the following requirements in connection with Ordinance 07-123 (PLA Compliance Certificate) as amended:

PLA Ordinance:

- 1) At least 90 days prior to the commencement of construction the Entity has:
 - A) Met with the City Office of Tax Abatement Compliance to present its workforce needs;
 - B) Provided job descriptions of the positions to be filled for the duration of the Project;
 - C) Provided a written construction schedule;
 - D) Filed an Initial Project Manning Report;
 - E) Filed a letter appointing the Entity's PLA compliance officer;

- F) If required by the City, participated with the City and the Labor Organizations in at least two (2) job fairs; and
 - G) Paid a pro rata share of the cost(s) of the job fairs referred to in the preceding section, including advertising costs;
- 2) Upon the commencement of construction and until the Project receives a temporary certificate of occupancy, the Entity or its contractor shall file the following documentation by the 15th day of every month:
- A) A Monthly Project Manning Report in compliance with Section IV(1) of Ordinance 07-123 as amended;
 - B) A Certified Payroll Report in compliance with Section IV(2) of Ordinance 07-123 as amended;
 - C) Copies of all written direct requests made by contractors and subcontractors to the Labor Organizations notifying them that they are required to provide the Project with Jersey City resident apprentices;
 - D) Copies of all written general notices provided by the Entity to the contractor notifying the contractor that it is required to comply with Ordinance 07-123 as amended, by providing Jersey City resident apprentices on the Project; and
 - E) Copies of all general written notices provided by any contractor to a subcontractor notifying the subcontractor that it is required to hire Jersey City apprentices as required by Ordinance 07-123 as amended.

The Entity shall apply in writing for the PLA Compliance Certificate not less than thirty (30) days prior to the date that it intends for apply to the Jersey City Construction Code Official for a temporary certificate of occupancy for any portion of the Project. The Jersey City Office of Tax Abatement Compliance shall have thirty (30) days to act upon the Entity's application. Upon the Jersey City Office of Tax Abatement Compliance making a finding that the Entity has complied with items 1(A) through 1(G) and 2(A) through 2(E) above, it shall issue the PLA Compliance Certificate to the Jersey City Tax Collector (with copies to the President of the City Council and the City Clerk) who shall promptly reduce the Entity's Annual Service Charge to ten (10%) percent of Annual Gross Revenue for the duration of the Financial Agreement

regardless of whether the Project has complied with the twenty (20%) percent Jersey City resident apprenticeship requirement set forth in Section III (5) of Ordinance 07-123 as amended.

Project Employment Agreement:

Notwithstanding the above, if following the expiration of all required cure periods set forth in Article VII of the Project Employment Agreement, the City determines that the Entity is in violation thereof, in addition to the remedies available to the City in Article VIII, the City shall be entitled to increase the Entity's Annual Service Charge to eleven (11%) percent of Annual Gross Revenue for the duration of the Financial Agreement.

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent designated

by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall not include those project costs directly attributable to site remediation and cleanup expenses or any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the

amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project without the prior consent approval by Ordinance of the Municipal Council shall cause the tax exemption to automatically terminate without notice, by operation of law. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the original Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement and does not violate the Law.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in

accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2015-007, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the prior consent of the City, the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII

herein.

Section 11.3 Remedies Upon Default

In order to secure the full and timely payment of the Annual Service Charge, the City reserves the right to perfect and enforce a lien under the Leasehold Taxing Act or appoint a rent receiver or avail itself of any other remedy to protect the City's interests.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's property, in the manner provided by the Leasehold Taxing Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project , as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 hereof and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this

indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

KKF Block 1 Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Attn: Peter S. Wersinger, III

And copy to:

Connell Foley, LP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
Attn: James C. McCann, Esq.

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice

to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Rents Prices;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Ground Lease.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

**KKF BLOCK 1 URBAN
RENEWAL, LLC**

Peter S. Wersinger III, President

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ____ day of ____, 2016, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **KKF BLOCK 1 URBAN RENEWAL, LLC** [Recipient], having its principal office at 12 Hidden Glen, Skillman, NJ 08558.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings unless the context clearly indicates otherwise.

1. "City" means the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
4. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council.
5. "Employment" includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this agreement.
6. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
7. "Local Business" means a bona fide business located in Jersey City.
8. "Minority" means a person who is defined as such under federal or state law.
9. "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a Minority or woman.
10. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor and Workforce

Development, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.

11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
12. "Project or Project Site" means the specific work location or locations specified in the contract.
13. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration presently, the Executive Director of the Jersey City Employment & Training Program, Inc., who is in charge of coordinating Project Employment & Contracting projects. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Coordinator. The Coordinator may refer a developer to the JCEPT or its one-stop career center so long as the City and JCEPT agreement is in full force and effect.
14. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
15. The "Project Employment & Contracting Officer" or "Officer" is an employee of the Recipient who is designated by the Recipient to make sure the Recipient is in compliance with the Recipient's Project Employment & Contracting agreement.
16. "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive and shall include any Contractor, Subcontractor or agent of the Recipient.
17. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "Subcontractor" means a third party that is engaged by the prime Contractor to perform under a subcontract all or part of the work included in an original contract.
20. "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II. Purpose: Business Contracting and Permanent Jobs

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

Because this project is subject to the terms of a Project Labor Agreement during construction, this agreement shall apply only to Business Contracting and non-construction Permanent Jobs.

III. Good Faith Goals:

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the Recipient shall only be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. All other Recipients must comply with the following Good Faith goals.

1. **Employment:** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, fifty-one (51%) percent of whom are residents who are Minorities and, in Non-Traditional Jobs, six point nine (6.9%) percent of whom are residents who are women, it being understood that one employee may satisfy more than one category.
2. **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding twenty (20%) percent of the dollar amount of its contracts to Local Businesses, fifty-one (51%) percent of which shall be Minority or Women Owned Local Businesses. If fifty-one (51%) percent of Minority or Women Owned Local Businesses cannot be obtained, that percentage of contracts must still be applied to local vendors.

IV. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient shall send a letter designating its "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Appendix 1. This Officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Appendix 2.

V. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____, approving the tax exemption and terminate the earlier of 35 years from the date of the adoption of that Ordinance or 30 years from the date of Substantial Completion of the Project.

VI. Good Faith Defined:

1. **Permanent Jobs:** Good Faith shall mean compliance with all of the following conditions:

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this meeting:

- i) whether subcontractors will be used in the hiring process.
- ii) the specific types of jobs that need to be filled.
- iii) the qualifications needed for these particular jobs.
- iv) possible training programs offered by the permanent employer.
- v) the Recipient's goals and how it plans to meet these goals.
- vi) any other issues which need to be addressed.

B. Subcontractor Notification -- If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment & Contracting Monitor. An example of this signed acknowledgment can be found in Appendix 3.

C. Subcontractor Pre-Hiring Job Awareness Meeting -- Each subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 1.A.(i)-(vi) and notify the City.

D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.

- E. Documentation of Hiring Plan--Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix 4.
- F. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- G. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- J. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
- K. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- L. Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.

- M. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

2. **Business Contracting**

- A. Good Faith shall mean compliance with all of the following conditions:

i) Solicitation of Businesses:

- a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
- b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
- c) Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- d) Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- g) Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
 - h) Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
 - i) Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
 - j) Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.
- B. The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by Project Employment and Contracting Monitor of a Recipient, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

3. **Commercial Tenants at the Project Site**

Good Faith shall mean compliance with all of the following conditions:

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.
- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

VII. **Notices of Violation:**

- 1. **Advisory Notice:** The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have 7 days to correct the violation.

2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation.
3. Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this agreement and so advises the City in writing, subject to confirmation by the City.
4. Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

VIII. Liquidated Damages:

1. While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration of any cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:
 - A. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

IX. Notices

Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, addressed as follows:

1. When sent by the City to the Recipient it shall be addressed to:

KKF Block 1 Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Att: Peter S. Wersinger, III

and

2. When sent by the Recipient to the City, it shall be addressed to:

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

X. Appendix

These forms are examples only and shall be in substantially the form attached, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

XI. Adoption, Approval, Modification:

This agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under this agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

Notwithstanding anything in this Agreement to the contrary, if the Recipient has entered into a Project Labor Agreement with a Labor Organization, then any and all sections of this Agreement pertaining to construction jobs and the construction portion of any Project, are null and void and may be disregarded by the Recipient. In the event the Recipient has entered into a Project Labor Agreement, then this Agreement shall become effective upon Substantial Completion of the Project. In the event there are any conflicts between this Agreement and any Project Labor Agreement, then the Project Labor Agreement shall govern.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

**KKF BLOCK 1 URBAN
RENEWAL, LLC**

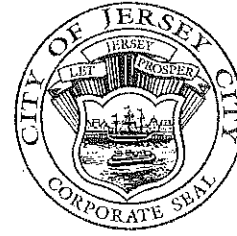
Secretary

Peter S. Wersinger III, President

City Clerk File No. Ord. 16.147

Agenda No. 3.1 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.147

TITLE: ORDINANCE APPROVING A 30 YEAR TAX EXEMPTION FOR A MIXED USE MARKET RATE RENTAL PROJECT TO BE CONSTRUCTED BY KKF BLOCK 5B URBAN RENEWAL, LLC, AN URBAN RENEWAL ENTITY, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, KKF Block 5B Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (Entity); and

WHEREAS, the Entity is the Lessee of certain property under a Ground Lease with New Jersey City University under the New Jersey Economic Stimulus Act of 2009, dated September 21, 2015, designated as Block 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 0.968 acres which will be known by the street address of 33 University Place Boulevard, and more specifically described by metes and bounds, in the application (Property); and

WHEREAS, the Property is located within the NJCU West Campus Redevelopment Plan Area, as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Project received a Section 31 Review from the Planning Board on October 20, 2015 to construct a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants (Project); and

WHEREAS, by application dated July 15, 2016, as amended on August 25, 2016, the Entity applied for a 30 year Long Term Tax Exemption; and

WHEREAS, KKF Block 5B Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 11% of the Annual Gross Revenue, which sum is initially estimated to be \$402,880; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee initially estimated at \$8,058; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge estimated to be \$20,144; and
5. pay the sum of \$260,193 to the City's Affordable Housing Trust Fund;

6. execute a Project Employment & Contracting Agreement; execute a Project Labor Agreement pursuant to Section 304-33 of the Jersey City Municipal Code, and comply with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the property generates a land tax of only \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$402,880 upon Substantial Completion;
2. the Project will create approximately two hundred ninety-six (296) new construction jobs and five (5) new permanent full time jobs; and one (1) new part-time job;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the NJCU West Campus Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project will outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charge will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract tenants to the Project and insure the likelihood of the success of the Project; and

WHEREAS, KKF Block 5B Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing appropriate letters of its lobbyists in the Office of the City Clerk; and

WHEREAS, KKF Block 5B Urban Renewal, LLC, has agreed to execute a Project Employment & Contracting Agreement, and a Project Labor Agreement, and also to comply with the requirements of Section 3-76 of the Jersey City Municipal Code concerning required Wage, Benefit and Leave standards for any building service workers.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The August 25, 2016, application of KKF Block 5B Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., a copy of which is on file in the office of the City Clerk, property designated as Block 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax map, consisting of approximately 0.968 acres, and which will be known by the street address of 33 University Place Boulevard, more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 35 years from the adoption of the within Ordinance or 30 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge is \$-0-, but will be \$402,880 upon Substantial Completion, whether or not the Project is occupied; or
 - (b) 11% of the Annual Gross Revenue, which initial sum is estimated to be \$402,880, and which shall be subject to statutory increases during the term of the tax exemption;
 - (c) the Annual Service Charge shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the requirements of Ordinance 07-123.
3. Administrative Fee: 2% of the prior year's Annual Service Charge estimated to be \$8,058;
4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County estimated to be \$20,144;
5. Project: A mixed use market rate rental project to consist of a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants;
6. Affordable Housing Trust Fund: \$1,500 per unit or \$223,500; and \$1.50 per square foot x 24,462 square feet of parking space or \$36,693; for a total of \$260,193. Such funds will be accelerated and are non-refundable and may not be transferred in the event of a termination or expiration of the Financial Agreement;
7. Staged Adjustments:
 - (a) Stage One: years 1-9, Annual Service Charge shall be 11% of Annual Gross Revenue;
 - (b) Stage Two: years 10-13, Annual Service Charge or 20% of the amount of the taxes otherwise due;
 - (c) Stage Three: years 14-17, Annual Service Charge or 40% of the amount of the taxes otherwise due;
 - (d) Stage Four: years 18-21, Annual Service Charge or 60% of the amount of the taxes otherwise due;
 - (e) Final Stage: Beginning on the 1st day of the 22nd year through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses;
9. Project Labor Agreement: an obligation to execute a Project Labor Agreement pursuant to Section 304-37(3) of the Municipal Code.
10. Compliance with the Living Wage Ordinance, Section 3-76 of the Jersey City Municipal Code for any building service workers serving the Project.

11. The Affordable Housing Trust Fund contribution: payments shall be due on execution of the Financial Agreement, but in no event later than 30 days from the date of the adoption of the within ordinance. If the Financial Agreement is not executed for any reason whatsoever, interest shall accrue on such payments as of the 31st day at the highest rate permitted for unpaid real estate taxes.
12. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance unless extended at the City's sole discretion. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided.
13. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project: 1) commences no later than two (2) years from the date the within ordinance is adopted; and 2) is Substantially Complete no later than five (5) years from the date of adoption of the within Ordinance.

C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in [brackets] are omitted.
For purposes of advertising only, new matter is indicated by **boldface** and repealed matter by *italic*.

JM/he
9/06/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

DATE: September 1, 2016

TO: Lee Chang (For distribution to City Council and City Clerk)

FROM: Al Cameron, Fiscal Officer - Tax Collector's Office

SUBJECT: THIRTY YEAR TAX ABATEMENT: MARKET- RATE RESIDENTIAL
RENTAL PROJECT – KKF Block 5B Urban Renewal, LLC
Block 21902.04 Lot 2

CC: M. Cosgrove, E. Borja, J. Monahan, E. Toloza, M. Vigil, R. Kakoleski,
R. Lavarro, P. Leandre, K. Kane

INTRODUCTION:

The applicant, KKF Block 5B Urban Renewal, LLC, is applying for a thirty (30) year tax abatement under N.J.S.A. 40A:20-1 et seq. It will be new construction of a four (4) story market rate residential rental project within the NJCU West Campus Redevelopment Plan. The application fee of \$9,500 was paid.

LOCATION OF THE PROPERTY:

The applicant entered into a ground lease with New Jersey City University for property located on the West Campus between Route 440 and West Side Avenue. The project on consists of Block 21902.04 Lot 2. It is referred to as West Campus Block 5B. It will be known as 33 University Place Blvd.

PROPERTY TO BE CONSTRUCTED:

The proposed project will be a four (4) story market rate residential rental project. The building will contain approximately one hundred and forty-nine (149) dwelling units. There will be a parking garage with approximately one hundred and fifty-one (151) parking spaces. The residential units are as follows:

| <u>Unit Type</u> | <u>Number of units</u> |
|------------------|------------------------|
| One Bedroom | 120 |
| Two Bedroom | <u>29</u> |
| <u>Total</u> | <u>149</u> |

ESTIMATED TOTAL PROJECT COST:

The cost of construction estimated at \$37,759,165 is certified by William Feinberg, the applicant's architect. The estimated breakdown is \$15,103,666 for labor and

\$22,655,499 for materials. Total Project Cost is projected at \$44,940,039.

CONSTRUCTION SCHEDULE:

The applicant estimates construction will begin in April 2017 with completion in January 2019.

ESTIMATED JOBS CREATED:

The applicant estimates creation of two hundred and ninety-six (296) jobs during Construction. Post-construction jobs are projected at one (1) part-time and five (5) full-time and permanent positions. The applicant will execute both a Project Employment and Contracting Agreement and a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

KKF BLOCK 5B URBAN RENEWAL LLC AHTF PAYMENT

| | | Rate | Amount |
|------------------------|--------|---------|--------------|
| Residential | | | |
| Units | 149 | \$1,500 | \$223,500.00 |
| Square footage Parking | 24,462 | \$1.50 | \$36,693.00 |

Total AHTF Payment

\$260,193.00

CURRENT REAL ESTATE TAX:

The property owned by New Jersey City University is currently tax exempt. The new assessment for the land based upon the proposed project of Block 21902.04 Lot 2 is \$1,022,300. The proposed Improvements are assessed at \$6,658,200.

At the current tax rate of \$77.01 the estimated annual land tax based upon the new assessment is \$78,727.32.

PROPOSED ABATEMENT:

The applicant has requested a term of the lesser of thirty five (35) years from the date of approval of an ordinance approving the abatement or thirty (30) years from substantial completion of the project.

The Applicant proposes an Annual Service Charge of eleven percent (11%) of Annual gross revenue, a two percent (2%) City administrative fee and a five percent (5%) service charge to Hudson County.

The applicant intends to comply with all terms in both the Project Employment and Contracting Agreement and Project Labor Agreement in order to reduce the Annual Service Charge from eleven percent (11%) to ten percent (10%) of annual gross revenue.

STAGED ADJUSTMENTS:

While the applicant proposed to begin the staged adjustments in year sixteen (16), our approved schedule beginning in year ten (10) is below.

Beginning the first day of year ten (10) through the end of year thirteen (13) it would be the greater of the Annual Service Charge or twenty percent (20%) of conventional taxes otherwise due.

Beginning the first day of year fourteen (14) through the end of year seventeen (17) it would be the greater of the Annual Service Charge or forty percent (40%) of conventional taxes otherwise due.

Beginning the first day of year eighteen (18) through the end of year twenty-one (21) it would be the greater of the Annual Service Charge or sixty percent (60%) of conventional taxes otherwise due.

Beginning in year twenty-two (22) through the end of year thirty (30) it would be the greater of the Annual Service Charge or eighty percent (80%) of conventional taxes otherwise due.

Beginning in year thirty-one (31) the project would pay full conventional tax.

The PILOT would be the greater of the Annual Service Charge (ASC) or the result of the staged adjustments.

PROPOSED REVENUE TO THE CITY:

At full occupancy the Good Faith estimated annual revenue is \$3,662,549. The Annual Service charge at the rate of eleven percent (11%) is \$402,880. The City Administrative fee at two percent (2%) would be \$8,058 and the Hudson County fee of five percent (5%) would be \$20,144.

The Fiscal Impact Cost Projection included shows positive revenue to cost.

FISCAL IMPACT COST PROJECTION (MARKET RATE RENTAL UNITS - 30 YEAR)

Block: 21902.04 Lot: 2

Loc: 33 UNIVERSITY PLACE BLVD

| Market Rate Units | Number of Units | Demographic Multipliers (Transit Oriented Development)* | | Total | | Annual Expenditures | | Total Annual Expenditures | | |
|----------------------|--------------------|--|----------|---------------|-------------|-------------------------|----------------------------------|------------------------------|--------------------|---------------------|
| | | Household | Students | Residents | Students | Per Capita Municipal | Per Pupil Per School District | Municipal | School District | Total |
| 1 Bedroom | 120 | 1.421 | 0.050 | 170.52 | 6.00 | \$1,181.83 | \$3,673.00 | \$201,525.45 | \$22,038.00 | \$223,563.45 |
| 2 Bedroom | 29 | 2.012 | 0.120 | 58.35 | 3.48 | \$1,181.83 | \$3,673.00 | \$68,957.35 | \$12,782.04 | \$81,739.39 |
| TOTAL | 149 | | | 228.87 | 9.48 | | | \$270,482.80 | \$34,820.04 | \$305,302.84 |

| | | | | | | | |
|---|-----------------|------------------------|---------------|---|------------|---|----------------|
| 1. Total Municipal Ratables | \$5,997,768,597 | 4. CY 2015 Budget | \$535,307,187 | 6. Population of Jersey City (2010 Census) | 247,597 | 9. Increase in Services Incurred Per Development | \$ 305,302.84 |
| 2. Residential Ratables | \$3,278,586,056 | | | 7. Per Capita Municipal Cost | \$1,181.83 | 10. Anticipated Gross PILOT (1st Year) | |
| Commercial Ratables | \$1,512,274,524 | | | | | 11% AGF | \$ 402,880.00 |
| | | | | | | 2% Admin | \$ 8,057.60 |
| | | | | | | Less Land Tax (74.82) | \$ (76,488.49) |
| 3. Residential Ratables as a Percentage of Total Ratables | 54.66% | 5. Residential Portion | \$292,617,271 | 8. Annual Expenditures Per Student** | \$3,673.00 | 11. 1st Year Net PILOT | \$ 334,449.11 |
| | | | | | | 12. Implied Surplus (Cost) | \$ 29,146.28 |

Classic Average costing approach for projecting the impact of population change and local Municipal and School District costs

NEW ASSESSMENT AFTER IMPROVEMENTS

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

LAND: 1,022,300
BLDG: 6,658,200

SERVICE CHARGE VS CONVENTIONAL

*ASSUMING 77.01 TAX RATE WITH 2% ANNUAL INCREASE

KKF BLOCK 5B

BLOCK 21902.04

LOT 2

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

| | | | | | |
|-------|-----------|--------|----|-------------------------------------|-----------|
| LAND | 1,022,300 | COUNTY | 5% | EXISTING ASSESSMENT | 1,022,300 |
| BLDG | 6,658,200 | ADMIN | 2% | | |
| TOTAL | 7,680,500 | | | PROJECTED SERVICE CHARGE (1ST YEAR) | 402,880 |

| YEAR | ASC w/ Phase-In Less Land Tax Credit | ASC w/ 2% Annual Increase | ASC w/ 2% Annual Increase & Phase-In | County | Admin | Estimated Conventional Taxes On NEW Assessment | Staged Adj Rate | Conventional Taxes at 51% (Estimated) | Current Taxes On EXISTING Assessment | Land Tax |
|--------------|--------------------------------------|---------------------------|--------------------------------------|---------|---------|--|-----------------|---------------------------------------|--------------------------------------|-----------|
| 1 | 324,153 | 402,880 | 402,880 | 20,144 | 8,058 | 591,475 | | 301,652 | 78,727 | 78,727 |
| 2 | 330,636 | 410,938 | 410,938 | 20,547 | 8,219 | 603,305 | | 307,685 | 80,302 | 80,302 |
| 3 | 337,248 | 419,156 | 419,156 | 20,958 | 8,383 | 615,371 | | 313,839 | 81,908 | 81,908 |
| 4 | 343,993 | 427,539 | 427,539 | 21,377 | 8,551 | 627,678 | | 320,116 | 83,546 | 83,546 |
| 5 | 350,873 | 436,090 | 436,090 | 21,805 | 8,722 | 640,232 | | 326,518 | 85,217 | 85,217 |
| 6 | 357,891 | 444,812 | 444,812 | 22,241 | 8,896 | 653,037 | | 333,049 | 86,921 | 86,921 |
| 7 | 365,049 | 453,708 | 453,708 | 22,685 | 9,074 | 666,097 | | 339,710 | 88,660 | 88,660 |
| 8 | 372,350 | 462,782 | 462,782 | 23,139 | 9,256 | 679,419 | | 346,504 | 90,433 | 90,433 |
| 9 | 379,797 | 472,038 | 472,038 | 23,602 | 9,441 | 693,008 | | 353,434 | 92,242 | 92,242 |
| 10 | 387,392 | 481,479 | 481,479 | 24,074 | 9,630 | 706,868 | 20% | 360,503 | 94,086 | 94,086 |
| 11 | 395,140 | 491,108 | 491,108 | 24,555 | 9,822 | 721,005 | 20% | 367,713 | 95,968 | 95,968 |
| 12 | 403,043 | 500,931 | 500,931 | 25,047 | 10,019 | 735,425 | 20% | 375,067 | 97,888 | 97,888 |
| 13 | 411,104 | 510,949 | 510,949 | 25,547 | 10,219 | 750,134 | 20% | 382,568 | 99,845 | 99,845 |
| 14 | 419,326 | 521,168 | 521,168 | 26,058 | 10,423 | 765,136 | 40% | 390,220 | 101,842 | 101,842 |
| 15 | 427,713 | 531,592 | 531,592 | 26,580 | 10,632 | 780,439 | 40% | 398,024 | 103,879 | 103,879 |
| 16 | 436,267 | 542,223 | 542,223 | 27,111 | 10,844 | 796,048 | 40% | 405,984 | 105,957 | 105,957 |
| 17 | 444,992 | 553,068 | 553,068 | 27,653 | 11,061 | 811,969 | 40% | 414,104 | 108,076 | 108,076 |
| 18 | 453,892 | 564,129 | 564,129 | 28,206 | 11,283 | 828,208 | 60% | 422,386 | 110,237 | 110,237 |
| 19 | 462,970 | 575,412 | 575,412 | 28,771 | 11,508 | 844,772 | 60% | 430,834 | 112,442 | 112,442 |
| 20 | 472,229 | 586,920 | 586,920 | 29,346 | 11,738 | 861,668 | 60% | 439,451 | 114,691 | 114,691 |
| 21 | 481,674 | 598,658 | 598,658 | 29,933 | 11,973 | 878,901 | 60% | 448,240 | 116,985 | 116,985 |
| 22 | 597,859 | 610,632 | 717,183 | 35,859 | 14,344 | 896,479 | 80% | 457,204 | 119,324 | 119,324 |
| 23 | 609,816 | 622,844 | 731,527 | 36,576 | 14,631 | 914,409 | 80% | 466,348 | 121,711 | 121,711 |
| 24 | 622,013 | 635,301 | 746,158 | 37,308 | 14,923 | 932,697 | 80% | 475,675 | 124,145 | 124,145 |
| 25 | 634,453 | 648,007 | 761,081 | 38,054 | 15,222 | 951,351 | 80% | 485,189 | 126,628 | 126,628 |
| 26 | 647,142 | 660,967 | 776,302 | 38,815 | 15,526 | 970,378 | 80% | 494,893 | 129,161 | 129,161 |
| 27 | 660,085 | 674,187 | 791,828 | 39,591 | 15,837 | 989,785 | 80% | 504,791 | 131,744 | 131,744 |
| 28 | 673,286 | 687,670 | 807,665 | 40,383 | 16,153 | 1,009,581 | 80% | 514,886 | 134,379 | 134,379 |
| 29 | 686,752 | 701,424 | 823,818 | 41,191 | 16,476 | 1,029,773 | 80% | 525,184 | 137,066 | 137,066 |
| 30 | 700,487 | 715,452 | 840,295 | 42,015 | 16,806 | 1,050,368 | 80% | 535,688 | 139,807 | 139,807 |
| TOTAL | 14,189,624 | 16,344,068 | 17,383,440 | 869,172 | 347,669 | 23,995,017 | | 12,237,459 | 3,193,816 | 3,193,816 |

ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
 Projected figures subject to rounding discrepancies

TIER 3 - FINANCIAL AGREEMENT (30 YEAR)

Rev. 9/01/16

Long Term Tax Exemption

N.J.S.A. 40A:20-1, et seq.

Residential Rental or Residential Condominium

Re: 33 University Place Boulevard
Approximately 0.968 Acres
Block 21902.04, Lot 2
NJCU West Campus Redevelopment Plan Area

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the ___ day of ____, 2016, by and between **KKF BLOCK 5B URBAN RENEWAL, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 12 Hidden Glen, Skillman, NJ 08558, and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Ground Lessee pursuant to Ground Lease, hereinafter defined, of certain property designated as Block 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, on the City's Official Tax Map, consisting of approximately 0.968 acres, which will be known by the street address of 33 University Place Boulevard, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, this property is located within the boundaries of the NJCU West Redevelopment Plan Area; and

WHEREAS, the Entity plans to construct a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants; and

WHEREAS, on October 20, 2015 the Project received a Section 31 Review from the Planning Board; and

WHEREAS, on August 25, 2016, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2016, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

- A. Relative Benefits of the Project when compared to the costs:
1. the current real estate tax generates revenue of approximately \$-0-, whereas, the Annual Service charge as estimated, will generate revenue to the City of at least \$402,880;
 2. as required by ordinance 13-088, the Entity shall pay the City the total sum of \$260,193, with \$86,731 to be paid on the effective date of the ordinance approving the Financial Agreement, and the balance of \$173,462 as an affordable housing contribution as required by the ordinance;
 3. it is expected that the Project will create approximately two hundred ninety-six (296) new construction jobs and five (5) new permanent full time jobs; and one (1) new part-time job;
 4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;
 5. the Project will further the objectives of the NJCU West Campus Redevelopment Plan, and will include the development of vacant property;
 6. the City's Impact Analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and
- B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:
1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
 2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract

occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 2015-007, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance 16-____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

i. Allowable Net Profit- The amount arrived at by applying, on a non-accrual basis, the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c), each year of the tax exemption.

ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iii. Annual Gross Revenue - Any and all revenue derived from or generated by the

Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include an annual payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual not accrued Net Profit., and annual Excess Profit due to the City, if any. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and market rate related party debt for the Project for a period equal to the term of this Agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean HC West Campus Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Ground Lease - That certain Ground Lease entered into by New Jersey City University as Landlord and KKF Enterprises, LLC, as Tenant for the Property dated September 21, 2015 under and pursuant to the New Jersey Economic Stimulus Act of 2009 (N.J.S.A. 18:64-5) as transferred to the Entity, pursuant to that certain Transfer Agreement between KKF Enterprises, LLC and the Entity dated August 26, 2016, each of which are attached hereto as Exhibit 10.

xi. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xii. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xiii. Land Taxes - The amount of taxes assessed on the value of land, on which the project is located and, if applicable, taxes on any pre-existing improvements. Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiv. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 15-007, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xvi. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be (a) until Substantial Completion the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to

taxation, which amount the parties expect will be \$ 0 ; and (b) upon Substantial Completion, the sum of \$402,880 per year, which sum is equal to the estimated Annual Service Charge.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge set forth in subsection (b).

xvii. Net Profit - The Annual Gross Revenues of the Entity less all annual operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of annual excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xviii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xix. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy, whether temporary or

permanent, for any portion of the Project.

xx. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xxi. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be excluded from Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any other extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 21902.04, Lot 2, located on NJCU West Campus, south of Carbon Place between Route 440 and West Side Avenue, which will be known by the street address of 33 University Place Boulevard, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a four (4) story residential market rate rental Project with approximately one hundred and forty-nine (149) units; and approximately one hundred fifty-one (151) parking spaces for residential tenants; all of which is specifically

described in the Application dated August 25, 2016 attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5, and in compliance with any Redevelopment Agreement.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the Ground Lessee under the Ground Lease of the Property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial rents and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 35 years from the date of the adoption of Ordinance _____ on _____, 2016, which approved the tax exemption or 30 years from the date of Substantial Completion of the Project. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by an Entity formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 11% of the Annual Gross Revenue. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due upon Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 9th year, the Annual Service Charge shall be 11% of Annual Gross Revenue;

ii. Stage Two: Beginning on the 1st day of the 10th year following Substantial Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 14th year following the Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 18th year following Substantial Completion until the last day of the 21st year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

v. Final Stage: Beginning on the 1st day of the 22nd year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge, if the Entity is obligated by the Ground Lease to make Land Tax Payments, including any tax on the pre-existing improvements, payment must be timely made in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments made by it against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge for that quarter. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and any other remedies (including the appointment of a rent receiver), the right to proceed against the urban renewal entity personally pursuant to the Leasehold Taxing Act, N.J.S.A. 54:4-2.3 and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two (2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$223,500 or $\$1,500 \times 149$ units; and \$36,693 or $\$1.50 \times 24,462$ square feet of parking space, for a total of \$260,193 as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit or commencement of construction, for the Project, but no later than six months after the date of the Financial Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

Section 5.2 Project Labor Agreement (Projects with construction costs exceeding \$25 million)

The Entity shall execute a Project Labor Agreement as required by Section 304-33 of the Jersey City Municipal Code as it exists or as it may be amended from time to time.

Section 5.3 Living Wage Mandate (Projects with construction costs exceeding \$25 million)

Since construction costs are certified to exceed \$25 million, the Entity shall comply with the Living Wage mandate and the Entity shall immediately require compliance with Section 3-76(c) in all its contracts and leases. This means that janitors and unarmed security guards employed at the Projects, including by any and all tenants or subtenants of the developer, will not be paid less than the standard hourly rate of pay and benefits for their respective classifications. It also means that they will be provided with the paid leave in accordance with the provisions of the Jersey City Municipal Code Section 3-51G(1).

Section 5.4 Annual Service Charge Reduction Following Compliance With City Ordinance 07-123

Notwithstanding anything in this Agreement to the contrary, the City Service Charge described in Article 4, Section 4.1(i) hereof shall be reduced to an amount equal to the greater of the Minimum Annual Service Charge or an Annual Service Charge equal to 10% of Annual Gross Revenue provided the Jersey City Office of Tax Abatement Compliance certifies in writing that the Entity has satisfied the following requirements in connection with Ordinance 07-123 (PLA Compliance Certificate) as amended:

PLA Ordinance:

- 1) At least 90 days prior to the commencement of construction the Entity has:
 - A) Met with the City Office of Tax Abatement Compliance to present its workforce needs;
 - B) Provided job descriptions of the positions to be filled for the duration of the Project;
 - C) Provided a written construction schedule;
 - D) Filed an Initial Project Manning Report;

- E) Filed a letter appointing the Entity's PLA compliance officer;
- F) If required by the City, participated with the City and the Labor Organizations in at least two (2) job fairs; and
- G) Paid a pro rata share of the cost(s) of the job fairs referred to in the preceding section, including advertising costs;

2) Upon the commencement of construction and until the Project receives a temporary certificate of occupancy, the Entity or its contractor shall file the following documentation by the 15th day of every month:

- A) A Monthly Project Manning Report in compliance with Section IV(1) of Ordinance 07-123 as amended;
- B) A Certified Payroll Report in compliance with Section IV(2) of Ordinance 07-123 as amended;
- C) Copies of all written direct requests made by contractors and subcontractors to the Labor Organizations notifying them that they are required to provide the Project with Jersey City resident apprentices;
- D) Copies of all written general notices provided by the Entity to the contractor notifying the contractor that it is required to comply with Ordinance 07-123 as amended, by providing Jersey City resident apprentices on the Project; and
- E) Copies of all general written notices provided by any contractor to a subcontractor notifying the subcontractor that it is required to hire Jersey City apprentices as required by Ordinance 07-123 as amended.

The Entity shall apply in writing for the PLA Compliance Certificate not less than thirty (30) days prior to the date that it intends for apply to the Jersey City Construction Code Official for a temporary certificate of occupancy for any portion of the Project. The Jersey City Office of Tax Abatement Compliance shall have thirty (30) days to act upon the Entity's application. Upon the Jersey City Office of Tax Abatement Compliance making a finding that the Entity has complied with items 1(A) through 1(G) and 2(A) through 2(E) above, it shall issue the PLA Compliance Certificate to the Jersey City Tax Collector (with copies to the President of the City Council and the City Clerk) who shall promptly reduce the Entity's Annual Service Charge to

ten (10%) percent of Annual Gross Revenue for the duration of the Financial Agreement regardless of whether the Project has complied with the twenty (20%) percent Jersey City resident apprenticeship requirement set forth in Section III (5) of Ordinance 07-123 as amended.

Project Employment Agreement:

Notwithstanding the above, if following the expiration of all required cure periods set forth in Article VII of the Project Employment Agreement, the City determines that the Entity is in violation thereof, in addition to the remedies available to the City in Article VIII, the City shall be entitled to increase the Entity's Annual Service Charge to eleven (11%) percent of Annual Gross Revenue for the duration of the Financial Agreement.

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated cost basis disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made

during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall not include those project costs directly attributable to site remediation and cleanup expenses or any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal

year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project without the prior consent approval by Ordinance of the Municipal Council shall cause the tax exemption to automatically terminate without notice, by operation of law. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the original Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement and does not violate the Law.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2015-007, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the prior consent of the City, the Entity shall not be subject to the default procedural remedies as provided herein but shall

allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

In order to secure the full and timely payment of the Annual Service Charge, the City reserves the right to perfect and enforce a lien under the Leasehold Taxing Act or appoint a rent receiver or avail itself of any other remedy to protect the City's interests.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's property, in the manner provided by the Leasehold Taxing Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project, as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 hereof and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives

all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

KKF Block 5B Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Attn: Peter S. Wersinger, III

And copy to:

Connell Foley, LP
Harborside Financial Center
2510 Plaza Five
Jersey City, NJ 07311
Attn: James C. McCann, Esq.

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector

unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Rents Prices;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Ground Lease.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

**KKF BLOCK 5B URBAN
RENEWAL, LLC**

Peter S. Wersinger III, President

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT KAKOLESKI
BUSINESS ADMINISTRATOR**

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ____ day of ____, 2016, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **KKF BLOCK 5B URBAN RENEWAL, LLC** [Recipient], having its principal office at 12 Hidden Glen, Skillman, NJ 08558.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings unless the context clearly indicates otherwise.

1. "City" means the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
4. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council
5. "Employment" includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this agreement.
6. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
7. "Local Business" means a bona fide business located in Jersey City.
8. "Minority" means a person who is defined as such under federal or state law.
9. "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a Minority or woman.
10. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor and Workforce

Development, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.

11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
12. "Project or Project Site" means the specific work location or locations specified in the contract.
13. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration presently, the Executive Director of the Jersey City Employment & Training Program, Inc., who is in charge of coordinating Project Employment & Contracting projects. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Coordinator. The Coordinator may refer a developer to the JCEPT or its one-stop career center so long as the City and JCEPT agreement is in full force and effect.
14. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
15. The "Project Employment & Contracting Officer" or "Officer" is an employee of the Recipient who is designated by the Recipient to make sure the Recipient is in compliance with the Recipient's Project Employment & Contracting agreement.
16. "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive and shall include any Contractor, Subcontractor or agent of the Recipient.
17. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "Subcontractor" means a third party that is engaged by the prime Contractor to perform under a subcontract all or part of the work included in an original contract.
20. "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II. Purpose: Business Contracting and Permanent Jobs

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

Because this project is subject to the terms of a Project Labor Agreement during construction, this agreement shall apply only to Business Contracting and non-construction Permanent Jobs.

III. Good Faith Goals:

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the Recipient shall only be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. All other Recipients must comply with the following Good Faith goals.

1. **Employment:** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, fifty-one (51%) percent of whom are residents who are Minorities and, in Non-Traditional Jobs, six point nine (6.9%) percent of whom are residents who are women, it being understood that one employee may satisfy more than one category.
2. **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding twenty (20%) percent of the dollar amount of its contracts to Local Businesses, fifty-one (51%) percent of which shall be Minority or Women Owned Local Businesses. If fifty-one (51%) percent of Minority or Women Owned Local Businesses cannot be obtained, that percentage of contracts must still be applied to local vendors.

IV. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient shall send a letter designating its "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Appendix 1. This Officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Appendix 2.

V. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____, approving the tax exemption and terminate the earlier of 35 years from the date of the adoption of that Ordinance or 30 years from the date of Substantial Completion of the Project.

VI. Good Faith Defined:

1. **Permanent Jobs:** Good Faith shall mean compliance with all of the following conditions:

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this meeting:

- i) whether subcontractors will be used in the hiring process.
- ii) the specific types of jobs that need to be filled.
- iii) the qualifications needed for these particular jobs.
- iv) possible training programs offered by the permanent employer.
- v) the Recipient's goals and how it plans to meet these goals.
- vi) any other issues which need to be addressed.

B. Subcontractor Notification -- If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment & Contracting Monitor. An example of this signed acknowledgment can be found in Appendix 3.

C. Subcontractor Pre-Hiring Job Awareness Meeting -- Each subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 1.A.(i)-(vi) and notify the City.

D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.

- E. Documentation of Hiring Plan--Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix 4.
- F. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- G. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- J. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
- K. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- L. Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.

- M. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

2. **Business Contracting**

- A. Good Faith shall mean compliance with all of the following conditions:

i) Solicitation of Businesses:

- a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
- b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
- c) Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- d) Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- g) Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
 - h) Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
 - i) Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
 - j) Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.
- B. The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by Project Employment and Contracting Monitor of a Recipient, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

3. **Commercial Tenants at the Project Site**

Good Faith shall mean compliance with all of the following conditions:

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.
- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

VII. Notices of Violation:

- 1. **Advisory Notice:** The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have 7 days to correct the violation.

2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation.
3. Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this agreement and so advises the City in writing, subject to confirmation by the City.
4. Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

VIII. Liquidated Damages:

1. While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration of any cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:
 - A. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

IX. Notices

Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, addressed as follows:

1. When sent by the City to the Recipient it shall be addressed to:

KKF Block 5B Urban Renewal, LLC
12 Hidden Glen
Skillman, NJ 08558
Att: Peter S. Wersinger, III

and

2. When sent by the Recipient to the City, it shall be addressed to:

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

X. Appendix

These forms are examples only and shall be in substantially the form attached, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

XI. Adoption, Approval, Modification:

This agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under this agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

Notwithstanding anything in this Agreement to the contrary, if the Recipient has entered into a Project Labor Agreement with a Labor Organization, then any and all sections of this Agreement pertaining to construction jobs and the construction portion of any Project, are null and void and may be disregarded by the Recipient. In the event the Recipient has entered into a Project Labor Agreement, then this Agreement shall become effective upon Substantial Completion of the Project. In the event there are any conflicts between this Agreement and any Project Labor Agreement, then the Project Labor Agreement shall govern.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

**KKF BLOCK 5B URBAN
RENEWAL, LLC**

Secretary

Peter S. Wersinger III, President

City Clerk File No. Ord. 16.148.

Agenda No. 3. J 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 16.148

TITLE: AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 4701, LOTS 36, 37, 38 AND 39, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 3224-3230 KENNEDY BLVD.

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, the City of Jersey City as an area in need of rehabilitation, is authorized to adopt an ordinance to utilize tax exemptions pursuant to N.J.S.A. 40A:21-1, et seq., the Five (5) Year Exemption and Abatement Law; and

WHEREAS, pursuant to N.J.S.A. 40A:21-1 et seq., the City of Jersey City adopted Ordinance 05-060, Section 304-6 et seq. of the Municipal Code, to allow Five (5) Year Tax Exemptions which allows the Tax Assessor to regard the full and true value or a portion thereof of certain improvements as not increasing the full and true value of certain property for a period of five (5) years, provided the owner's application is approved by the Tax Assessor and by Ordinance of the Municipal Council; and

WHEREAS, pursuant to N.J.S.A. 40A:21-9 and Section 304-12 of the Municipal Code, a tax exemption for the construction of a new four (4) story building to contain approximately forty-two (42) market rate residential rental units and approximately fourteen thousand five hundred nineteen (14,519) square feet of parking space, is permitted for a period of five (5) years; and

WHEREAS, 3224-3228 Kennedy Blvd., JC, LLC (Entity), is the owner of Property designated as Block 4701, Lots 36, 37, 38 and 39, on the City's Tax Map and more commonly known by the street address of 3224-3230 Kennedy Blvd., Jersey City, NJ; and

WHEREAS, the Entity now plans to construct a new four (4) story building, to contain forty-two (42) market rate rental units and interior parking in the basement with thirty-eight (38) parking spaces or approximately 14,519 square feet of parking space; and

WHEREAS, construction will be substantially complete within 18-24 months from the date of adoption of the within ordinance; and

WHEREAS, on July 19, 2016, the Entity filed an application for a five (5) year tax exemption to construct a new residential rental Project, a copy of which application is attached hereto; and

WHEREAS, 3224-3228 Kennedy Blvd., JC, LLC, proposes to pay the City (in addition to the full taxes on the land, which shall continue to be conventionally assessed and are currently taxed at the sum of \$172,200) a tax payment for the new improvements on the property, as follows:

AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 4701, LOTS 36, 37, 38 AND 39, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 3224-3230 KENNEDY BLVD.

- (a) 2017: the tax year in which the structure will be completed. \$0 taxes due on improvements;
- (b) 2018: the second tax year, 20% of taxes otherwise due on improvements, estimated to be \$25,190;
- (c) 2019: the third tax year, 40% of taxes otherwise due on improvements, estimated to be \$50,380;
- (d) 2020: the fourth tax year, 60% of taxes otherwise due on improvements, estimated to be \$75,570; and
- (e) 2021: the fifth tax year, 80% of taxes otherwise due on improvements, estimated to be \$100,760;

WHEREAS, the Tax Assessor has determined that the new construction will generate an additional tax payment of \$172,200 for land and \$125,950 for improvements, for a total of \$298,150 a year; and

WHEREAS, the applicant has agreed that in the event the Citywide revaluation results in a decrease in the estimated amount of actual taxes otherwise due, then for purposes of calculating a tax payment hereunder and for the five (5) year period, the amount shall be calculated on the higher of the amount estimated hereunder or the actual taxes otherwise due; and

WHEREAS, the application for tax exemption was complete and timely filed; the application was approved by the Tax Assessor and the commercial Project is eligible for tax exemption pursuant to N.J.S.A. 40A:21-9 and Section 304-12 of the Municipal Code; and

WHEREAS, upon the expiration of the tax exemption, the total assessment, including both land and improvements, will generate a total tax payment of \$298,150; and

WHEREAS, 3224-3228 Kennedy Blvd., JC, LLC, has agreed to pay the sum of \$84,779 to the City's Affordable Housing Trust Fund, which shall be paid in intervals set forth in Section 304-28 of the Municipal Code.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

1. The application, attached hereto, for a five (5) year tax exemption for the full and true value of a new a new four (4) story building to contain approximately forty-two (42) market rate residential rental units and approximately fourteen thousand five hundred nineteen (14,519) square feet of parking space, located in Block 4701, Lots 36, 37, 38 and 39, and more commonly known by the street address of 3224-3230 Kennedy Blvd., Jersey City, is hereby approved.

2. The Mayor or Business Administrator is hereby authorized to execute a tax exemption agreement which shall contain at a minimum, the following terms and conditions:

- (a) tax payment on the new improvements shall be:

AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 4701, LOTS 36, 37, 38 AND 39, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 3224-3230 KENNEDY BLVD.

- (i) Year 1: the tax year in which the structure will be completed. \$0 taxes;
- (ii) Year 2: the second tax year, 20% of taxes otherwise due on improvements, estimated to be \$25,190;
- (iii) Year 3: the third tax year, 40% of taxes otherwise due on improvements, estimated to be \$50,380;
- (iv) Year 4: the fourth tax year, 60% of taxes otherwise due on improvements, estimated to be \$75,570; and
- (v) Year 5: the fifth tax year, 80% of taxes otherwise due on improvements, estimated to be \$100,760.

The applicant has agreed that in the event the Citywide revaluation results in a decrease in the amount of actual taxes otherwise due for purposes of calculating a tax payment hereunder; during this five (5) year period, the amount due hereunder shall be calculated on the higher of the amount estimated above or the actual taxes due after the revaluation; and

(b) The project shall be subject to all federal, state and local laws, and regulations on pollution control, worker safety, discrimination in employment, zoning, planning, and building code requirements pursuant to N.J.S.A. 40A:21-11(b).

(c) If, during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the tax which would have otherwise been payable for each tax year shall become due and payable from the property owner as if no exemption and abatement had been granted. The collector forthwith ad the tax collector shall, within 15 days thereof, notify the owner of the property of the amount of taxes due.

(d) With respect to the disposal of the property, where it is determined that the new owner of the property will continue to use the property pursuant to the conditions which qualified the property, no tax shall be due, the exemption shall continue, and the agreement shall remain in effect.

(e) At the termination of a tax exemption agreement, the new improvements shall be subject to all applicable real property taxes as provided by State law and regulation and local ordinance; but nothing herein shall prohibit a project, at the termination of an agreement, from qualifying for, an receiving the full benefits of, any other tax preferences provided by law.

(f) Affordable Housing Trust Fund: \$1,500 x 42 units or \$63,000; and \$1.50 x 14,519 square feet of parking space or \$21,779, for a total of \$84,779.

- 3. An obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses.
- 4. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project achieves Substantial Completion within thirty-six (36) months of the date of adoption of the within Ordinance.

AN ORDINANCE APPROVING A FIVE (5) YEAR TAX EXEMPTION PURSUANT TO THE PROVISIONS OF N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-12 OF THE MUNICIPAL CODE FOR PROPERTY DESIGNATED AS BLOCK 4701, LOTS 36, 37, 38 AND 39, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS OF 3224-3230 KENNEDY BLVD.

5. The form of tax exemption agreement is attached hereto as Exhibit B, subject to such modification as the Corporation counsel or Business Administrator deems necessary.
 6. The Tax Assessor shall send a copy of the fully executed Financial Agreement will be sent to the Director of the Division of Local Government Services in the Department of Community Affairs within thirty (30) days of execution pursuant to N.J.S.A. 40a:21-11(d).
- A. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
- B. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- C. This ordinance shall take effect at the time and in the manner provided by law.
- D. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted.
For purposes of advertising only, new matter is indicated by **bold face** and repealed matter by *italic*.

JM/he
9/06/16

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____

Business Administrator

Certification Required ☐

Not Required ☐

DATE: August 15, 2016

TO: Lee Chang (For distribution to City Council and City Clerk)

FROM: Al Cameron Tax Collector's Office

SUBJECT: FIVE-YEAR TAX ABATEMENT: 3224-3228 Kennedy Blvd. JC, LLC
Block 74701, Lot 36.01

CC: M. Cosgrove, E. Borja, J. Monahan, E. Toloza, M. Vigil, R. Kakoleski,
R. Lavarro, P. Leandre, K. Kane

INTRODUCTION

The applicant, 3224-3228 Kennedy Blvd. JC, LLC is applying for a five (5) Year tax abatement for a forty-two (42) unit market rate residential rental project under N.J.S.A. 40 A: 21-1 et seq. The fee of \$8,400 was paid with the application.

LOCATION OF THE PROPERTY:

The property is located at Kennedy Boulevard between Lake and Spruce Streets. It is the consolidation of Block 4701 Lots 36, 37, 38 and 39. It is now designated as Block 4701 Lot 36.01 on the Jersey City Tax Map and now known as 3226 Kennedy Boulevard.

PROPERTY TO BE CONSTRUCTED

The proposed project is new construction of a four (4) story forty-two (42) unit market rate rental residential building that steps down to three (3) Stories in the rear with thirty-eight (38) parking spaces. The residential units consist of twenty-one (21) one bedroom units and twenty-one (21) two bedroom units.

TOTAL PROJECT/CONSTRUCTION COST:

The cost of construction is certified by the architect, Raul Cabato at \$5,000,000. (Labor \$2,070,000 Materials \$2,930,000) Total project cost is projected at \$7,982,646.60.

CONSTRUCTION SCHEDULE:

The applicant will begin construction as soon as all approvals are obtained and construction is expected within two (2) years of commencement.

ESTIMATED JOBS:

The applicant estimates fifty (50) jobs to be created during Construction and three (3) full-time jobs after construction.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

Affordable Housing Trust Fund
3224-3228 Kennedy Blvd.

| | | Rate | Amount |
|-------------------------------|--------|------------|-------------|
| Residential Units | 42 | \$1,500.00 | \$63,000.00 |
| Square footage Parking Garage | 14,519 | \$1.50 | \$21,778.50 |

| | |
|-----------------------|--------------------|
| Total AHTF Payment | <u>\$84,778.50</u> |
|-----------------------|--------------------|

CURRENT REAL ESTATE TAXES:

The assessment provided by the Tax Assessor of the consolidated lot # 36.01 is \$441,000. Based upon that assessment at the current rate of \$77.01 the full tax on the land is \$33,961.41. All taxes for property of the applicant and affiliates are paid through the second quarter 2016.

PROPOSED ABATEMENT:

The applicant has requested a term of five (5) years for the abatement on the improvements. The Applicant will pay the full tax for the land tax in each and every year of the abatement and has proposed a phase-in of the assessment on improvements. See the attached Assessor's phase-in schedule of taxes on improvements.

PROPOSED REVENUE TO THE CITY:

The phase-in of taxes on improvements is shown in the table below.

The total taxes on the improvements projected for the five-year term of the abatement are \$655,448.10.

Total exempted taxes for the term are \$388,077.91. The net taxes collected for the term are \$267,370.20.

The Tax Assessor estimated the final assessment based upon information
3224-3228 Kennedy Blvd, JC, LLC 5-yr Sum.docx
9/6/2016 1:06 PM

provided by the Applicant. They reflect an estimated annual tax increase of two percent (2%) during the period. The estimated annual tax increase is not included in the Assessor's schedule.

Block 4701 Lot 36.01

Tax Projections on Improvements Only

| 3226 Kennedy Blvd | | | | | | Five Year |
|------------------------------|------------|------------|------------|------------|------------|------------|
| Year | 1 | 2 | 3 | 4 | 5 | Totals |
| Current Tax Rate | 77.01 | 78.55 | 80.12 | 81.72 | 83.36 | |
| Full Tax on Improvements | 125,949.86 | 128,468.85 | 131,038.23 | 133,658.99 | 136,332.17 | 655,448.10 |
| Phase in % | 0% | 20% | 40% | 60% | 80% | |
| Phase in Tax on improvements | 0.00 | 25,693.77 | 52,415.29 | 80,195.40 | 109,065.74 | 267,370.20 |
| Exempted Tax | 125,949.86 | 102,775.08 | 78,622.94 | 53,463.60 | 27,266.43 | 388,077.91 |

Assumes 2% Annual Tax Rate Increase

Per Tax Assessor

Assessments

Land \$441,000

Improvements \$1,635,500

Total \$2,076,500

3224-3228 KENNEDY BLVD., JC. LLC

4701-36.01

BLOCK 4701 Lot 36,37,38,&38 (To Be Kown As Lot 36.01)

3226 Kennedy Blvd.

| Block | Lot | | Existing Assessments | New Assessments | Assessment (Phased-In) |
|-------|-------|-------|-------------------------|-----------------|---------------------------|
| 4701 | 36.01 | Land | 172,200 | 441,000 | - |
| | | Bldg | 137,800 | 1,635,500 | 1,635,500 |
| | | Total | 310,000 | 2,076,500 | 1,635,500 |

**Est. In-Lieu of Full Property Tax On Such Propety An
Amount Equal To A Percentage Of Taxes Otherwise Due,
According To The Following Schedule:**

Year

| | | |
|--|--|---------------|
| 1 | In the first full tax year after completion, no payment in lieu of taxes otherwise due; | 0 |
| 2 | In the second tax year, an amount equal to 20% of conventional taxes otherwise due, estimated to be the sum of; | \$ 25,189.97 |
| 3 | In the third tax year, an amount equal to 40% of conventioal taxes otherwise due, estimated to be the sum of ; | \$ 50,379.94 |
| 4 | In the fourth tax year, an amount equal to 60% of conventioanal taxes otherwise due, estimated to be the sum of; | \$ 75,569.91 |
| 5 | In the fifth tax year, an amount equal to 80% of conventional taxes otherwise due, estimated to be the sum of; | \$ 100,759.88 |
| AT THE EXPIRATION OF THE EXEMPTION, THE PROJECT'S NEW IMPROVEMENT TAXES | | \$ 125,949.86 |

7/21/2016

FISCAL IMPACT COST PROJECTION (TIER 1 - 5 YEAR)

Block: 74701 Lot: 36.01 Loc: 3226 KENNEDY BLVD

| Market Rate Units | Number of Units | Demographic Multipliers (Transit Oriented Development)* | | Total | | Annual Expenditures | | Total Annual Expenditures | | |
|----------------------|--------------------|--|----------|--------------|-------------|-------------------------|----------------------------------|------------------------------|--------------------|--------------------|
| | | Household | Students | Residents | Students | Per Capita Municipal | Per Pupil Per School District | Municipal | School District | Total |
| 1 Bedroom | 21 | 1.421 | 0.050 | 29.84 | 1.05 | \$1,172.97 | \$3,673.00 | \$35,002.68 | \$3,856.65 | \$38,859.33 |
| 2 Bedroom | 21 | 2.012 | 0.120 | 42.25 | 2.52 | \$1,172.97 | \$3,673.00 | \$49,560.45 | \$9,255.96 | \$58,816.41 |
| TOTAL | 42 | | | 72.09 | 3.57 | | | \$84,563.13 | \$13,112.61 | \$97,675.74 |

| | | | | | | | | | | | |
|---|--|-----------------|------------------------|--|---------------|---|--|------------|---|--|--------------|
| 1. Total Municipal Ratables | | \$6,093,045,337 | 4. CY 2016 Budget | | \$570,918,095 | 6. Population of Jersey City (2014 Census) | | 262,146 | 9. Increase in Services Incurred Per Development | | \$ 97,675.74 |
| 2. Residential Ratables | | \$3,281,646,604 | | | | 7. Per Capita Municipal Cost | | | 10. Anticipated Taxes (77.01 w/ 2% Annual Increase) | | |
| Commercial Ratables | | \$1,524,059,780 | | | | | | \$1,172.97 | 1st Year \$ | | 33,961.41 |
| 3. Residential Ratables as a Percentage of Total Ratables | | 53.66% | | | | 8. Annual Expenditures Per Student** | | \$3,673.00 | 2nd Year \$ | | 60,334.41 |
| | | | 5. Residential Portion | | \$307,490,150 | | | | 3rd Year \$ | | 87,748.74 |
| | | | | | | | | | 4th Year \$ | | 116,235.52 |
| | | | | | | | | | 5th Year \$ | | 145,826.66 |
| | | | | | | | | | 11. Implied Surplus (Cost) | | |
| | | | | | | | | | 1st Year \$ | | (63,714.33) |
| | | | | | | | | | 2nd Year \$ | | (37,341.34) |
| | | | | | | | | | 3rd Year \$ | | (9,927.00) |
| | | | | | | | | | 4th Year \$ | | 18,559.77 |
| | | | | | | | | | 5th Year \$ | | 48,150.92 |

Classic Average costing approach for projecting the impact of population change and local Municipal and School District costs

*Source: New Jersey Demographic Multipliers: Profile of the Occupants of Residential and Nonresidential Development; Listokin, November 2006

**Source: 2015-2016 Jersey City Municipal Cost Per Pupil

NEW ASSESSMENT AFTER IMPROVEMENTS

LAND: 441,000
BLDG: 1,635,500

TIER ONE (5 YEAR)
9/06/16
NJSA 40A:21-1 et seq
(Multiple Dwelling, Industrial, Commercial)

TAX AGREEMENT
FIVE YEAR/NEW CONSTRUCTION

THIS AGREEMENT made on this _____ day of _____, 2016, by and between the **CITY OF JERSEY CITY** [City], a municipal corporation organized under the Laws of the State of New Jersey and having its principal place of business at 280 Grove Street, Jersey City, New Jersey 07302, and, **3224-3228 KENNEDY BLVD., JC, LLC** [Applicant /Owner], whose principal place of business is 222 Duncan Avenue, Jersey City, NJ 07306.

WITNESSETH:

WHEREAS, the Municipal Council has indicated by its intention to utilize the five year tax exemption provisions authorized by Article VIII, Section I, paragraph VI of the NJ State Constitution and the Five Year Exemption Law, N.J.S.A. 40A:21-1 et seq. for improvements and projects by the adoption of Ordinance 05-060, as amended by Ordinances 07-146 and 14-027; and

WHEREAS, the Applicant is owner of certain property located at 3224-3230 Kennedy Blvd., in the City of Jersey City, County of Hudson and State of New Jersey, designated as Block 4701, Lots 36, 37, 38 and 39 on the Tax Assessor's Map, more commonly known by the street address of 3224-3230 Kennedy Boulevard and more particularly described in the metes and bounds description attached hereto as Exhibit A [Property];

WHEREAS, on or about July 19, 2016, the Applicant applied for a five year tax exemption to construct a new four (4) story building, to contain forty-two (42) market rate rental units and interior parking in the basement with thirty-eight (38) parking spaces or approximately 14,519 square feet of parking space on the Property [Improvements] pursuant to N.J.S.A. 40A:21-1 et seq., and Section 304-12 of the Municipal Code [Law]; and

WHEREAS, the City has reviewed the application, approved the construction of the Improvements and authorized the execution of a Tax Exemption Agreement by the adoption of Ordinance _____ on _____.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises and covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I: APPROVAL OF TAX EXEMPTION

The City hereby agrees to a tax exemption for the construction of a new four (4) story building, to contain forty-two (42) market rate rental units and interior parking in the basement with thirty-eight (38) parking spaces or approximately 14,519 square feet of parking space [Improvements] on the Property, as further described in the Application, attached hereto as Exhibit B, pursuant to the provisions of N.J.S.A. 40A:21-1 et seq. and Ordinance _____ which authorized the execution of this Tax Agreement [Law], subject to the terms and conditions hereof.

ARTICLE II: IN LIEU OF TAX PAYMENTS

The Applicant agrees to make estimated payments on the new Improvements, (separate and apart from taxes on the land and existing improvements which shall continue to be subject to conventional assessment and taxation and for which the Applicant shall receive no credit against the in lieu of tax payment) in lieu of full property tax payments according to the following schedule:

1. For the full calendar of Year 1, no payment in lieu of taxes;
2. For the full calendar of Year 2, twenty (20%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$25,190;
3. For the full calendar of Year 3, forty (40%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$50,380;
4. For the full calendar of Year 4, sixty (60%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$75,570; and
5. For the full calendar of Year 5, eighty (80%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$100,760.

In the event a City-wide revaluation results in decrease in the amount of taxes otherwise due, payment hereunder shall be the higher of either the taxes estimated above or the amount of actual taxes after the City-wide revaluation.

ARTICLE III: APPLICATION FEE

The Applicant has paid the sum of **\$8,400.00** to the City as an application fee. Failure to make such payment shall cause the tax exemption to terminate.

ARTICLES IV: FEDERAL, STATE AND LOCAL LAW

The construction of the Improvements is subject to all applicable federal, State and local laws and regulations on pollution control, worker safety, discrimination in employment, housing provision, zoning, planning and building code requirements.

ARTICLE V: TERM OF EXEMPTION

The Tax Exemption granted shall be valid and effective for a period of five (5) full years beginning the first day of the month after the date of Substantial Completion of the Project, which shall ordinarily mean the date on which the City issues, or the Project is eligible to receive, a Certificate of Occupancy, whether temporary or final, for part or the whole of the Project. During the term of the tax exemption, the Applicant shall make an in lieu of tax payment to the City in accordance with the schedule set forth above. Prior to the commencement of the tax exemption, and upon expiration thereof, the Applicant shall pay full conventional taxes on the Improvements.

ARTICLE VI: REVALUE

The applicant has agreed that in the event the revalue results in a decrease in the amount of actual taxes otherwise due, for purposes of calculating a tax payment hereunder during the five (5) year period, the amount shall be calculated on the higher of the amount estimated hereunder or the actual taxes.

ARTICLE VII: NO COUNTY EQUALIZATION AND SCHOOL AID

Pursuant to N.J.S.A. 40A:21-11(c), the percentage, which the payment in lieu of taxes for the tax exempt property bears to the property tax which would have been paid had an exemption not been granted for the property under this Agreement, shall not be applied to the valuation of the property to determine the reduced valuation of the property to be included in the valuation of the City for determining equalization for county tax apportionment and school aid, during the term of the tax exemption agreement covering this property. At the expiration or termination of this Agreement, the reduced valuation procedure required under the Law shall no longer apply.

ARTICLE VIII: OPERATION OR DISPOSITION OF PROPERTY

If during any year prior to the termination of this Agreement, the Applicant ceases to operate or disposes of the Property, or fails to meet the conditions for qualifying for tax exemption under this Agreement or pursuant to Law, then the tax which would have otherwise been payable for each and every year, shall become due and payable from the Applicant as if no exemption had been granted. The Tax Collector shall, within 15 days thereof, notify the owner of the Property of the amount of taxes due.

However, with respect to the disposal of the property, if it is determined that the new owner will continue to use the property pursuant to the conditions which qualify the property for exemption, the tax exemption shall continue and this Agreement shall remain in full force and effect.

ARTICLE IX: AFFORDABLE HOUSING TRUST FUND CONTRIBUTION REQUIRED

A. **Contribution.** The Entity will pay the City the sum of \$84,779 or \$1,500 per unit x 42 units; and \$1.50 x 14,519 square feet of parking space, as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit for the Project, but no later than six months after the date of the Tax Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Tax Agreement.

ARTICLE X: TERMINATION/ELIGIBILITY FOR ADDITIONAL TAX EXEMPTION

Upon the termination of this Agreement for tax exemption, the Project shall be subject to all applicable real property taxes as provided by State Laws and Regulations and City Ordinances. However, nothing herein shall be deemed to prohibit the Project, at the termination of this Agreement, from qualifying for and receiving the full benefits of any other tax preferences allowed by law. Furthermore, nothing herein shall prohibit the Applicant from exercising any rights under any other tax provisions of State law or City Ordinances.

In the event the owner elects to terminate this tax abatement after the revalue, the owner shall pay the City the difference of 100% of the full amount of the taxes otherwise due from the 1st year of this agreement to the date of termination.

ARTICLE XI: PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

In order to provide City residents and businesses with employment and other economic opportunities, the Applicant agrees to comply with the terms and conditions of the Project Employment & Contracting Agreement which is attached hereto as Exhibit C.

ARTICLE XIII: NOTICES

All notices to be given with respect to this Agreement shall be in writing. Each notice shall be sent by registered or certified mail, postage prepaid, return receipt requested, to the party to be notified at the addresses set forth below or at such other address as either party may from time to time designate in writing:

Notice to City:

Business Administrator
City Hall, 280 Grove Street
Jersey City, New Jersey 07302

Notice to Applicant:

3224-3228 Kennedy Blvd., JC, LLC
222 Duncan Avenue
Jersey City, New Jersey 07306
Attn: Onkar Singh

With a copy to:

Connell Foley LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, New Jersey 07311
Attn: Charles J. Harrington, III, Esq.

ARTICLE XIV: GENERAL PROVISIONS

This Agreement contains the entire Agreement between the parties and cannot be amended, changed or modified except by written instrument executed by the parties hereto.

In the event that any provisions or term of this Agreement shall be held invalid or unenforceable by a Court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof; provided, however, that the City continues to receive the full benefit of any economic term hereunder.

This Agreement shall be governed by and construed in accordance with the Laws of the State of New Jersey.

This agreement may be executed in several counterparts, each of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Applicant have caused this Agreement to be executed on the date and year first above written.

WITNESS:

3224-3228 KENNEDY BLVD., JC, LLC

BY: _____
Onkar Singh, Member

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

BY: _____
Robert J. Kakoleski
Business Administrator

New & Revised as of February, 2016

(Including Construction Jobs, for Projects with no PLA)

To accord with new Chapter 304 (Croson), only pages 1 through 7 have been amended.

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ____ day of ____, 201__, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **3224-3228 KENNEDY BLVD., JC, LLC** [Recipient], having its principal office at 222 Duncan Avenue, Jersey City, NJ 07306.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings unless the context clearly indicates otherwise.

1. "City" means the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. Construction Contract means any agreement for the erection, repair, alteration or demolition of any building, structure, bridge, roadway or other improvement on a Project Site.
4. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
5. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council.
6. "Employment" includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this agreement.
7. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
8. "Local Business" means a bona fide business located in Jersey City.
9. "Minority" means a person who is defined as such under federal or state law.

10. "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a Minority or woman.
11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
12. "Project or Project Site" means the specific work location or locations specified in the contract.
13. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration, who is in charge of overseeing compliance of Project Employment & Contracting Agreements. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Coordinator. The Coordinator may incorporate referrals from JCEPT or its One-Stop Career Center if the City's agreement with JCEPT so provides.
14. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
15. The "Receipt's Officer" is an employee of the Recipient who is designated by the Recipient to make sure the Recipient is in compliance with the Recipient's Project Employment & Contracting agreement.
16. "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive also referred to as a developer.
17. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "Subcontractor" means a third party that is engaged by the prime Contractor to perform under a subcontract all or part of the work included in an original contract.
20. "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II. Purpose: Construction Jobs, Business Contracting, Permanent Jobs

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

Because this project is not subject to the terms of a Project Labor Agreement during construction, this agreement shall apply to all Construction Jobs, Business Contracts and non-construction Permanent Jobs. Recipients are also required to notify any commercial tenants of employment services available from the City.

III. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient shall send a letter designating its "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Exhibit A. This Officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Exhibit B.

IV. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____ approving the tax exemption and terminate 5 years from the date of Substantial Completion of the Project.

V. Required Goals:

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the Recipient shall be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. The goals are as follows:

1. **Employment (Construction and Permanent Jobs):** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing twenty (20%) percent of labor hours who are Minorities and who are women.
2. **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding ten (10%) percent of the dollar amount of its contracts to Minority or Women Owned Businesses.

VI. Construction Jobs Procedure:

1. **Construction Jobs:** Recipient shall comply with all of the following conditions:

A. Initial Contracting Report

- i) The Recipient shall submit the initial contracting report. A letter must be forwarded with requests for quotation or bid to the Office of Diversity and Inclusion for minority contractors or vendors for any construction or building operating goods, services and sub-contracting opportunities. An example of this letter is given in Exhibit C.
- ii) The Recipient shall contact those businesses to submit bids. An example of this letter can be found in Exhibit D.

B. Initial Manning Report:

- i) Prior to the commencement of their work on the Project, the Recipient shall obtain from all Contractors/Subcontractors an Initial Manning Report.
- ii) The Initial Manning Report should contain an estimate of the total hours in each construction trade or craft and the number of hours to be worked, including a list of the number of minority residents and women that will work in each trade or craft, including the work hours to be performed by such employees of any and all Contractors and Subcontractors. Attached hereto as Exhibit ____ is the Recipient's Initial Manning Report.
- iii) The Initial Manning Report shall be filed with the Project Employment and Contracting Monitor, who must accept the Report prior to the Recipient entering into any construction contract. An example of this acceptance letter is given in Exhibit ____.

C. Compliance Statement

Prior to commencement of their work on the Project, each Contractor or Subcontractor must agree in writing to comply with this agreement and the employment goals elaborated herein. An example of this Compliance Statement can be found in Exhibit ____.

D. Monthly Reports:

Manning Report (after construction commences)

- i) The Recipient will submit Monthly Project Manning Reports to the Project Employment & Contracting Monitor in DEO under the Department of Administration by the seventh day of the month following the month during which the work is performed, for the duration of the contract.
- ii) The report will accurately reflect the total hours in each construction trade or craft and the number of hours worked, including a list of the number of minority resident and women resident workers in each trade or craft, and will list separately the work hours performed by such employees of the Contractor and each of its Subcontractors during the previous month. The Monthly Manning Report shall be in the form attached hereto as Appendix G.
- iii) The Recipient is responsible for maintaining or causing the Contractor to maintain all records supporting the reported work hours of its Contractors or Subcontractors.

Certified Payroll Report

- i) The Recipient will furnish the Project Employment & Contracting Monitor with copies of its weekly Certified Payroll reports. The reports will specify the residence, gender and ethnic/racial origin of each worker, work hours and rate of pay and benefits provided. The Certified Payroll report shall be in the form attached hereto as Exhibit ____.
- ii) Payroll reports must be submitted on a monthly basis with the Monthly Manning Report or the Recipient is no longer in compliance.

E. Annual Equal Employment Opportunity Reports

Prior to commencement of work on the Project, the Recipient will submit copies of the most recent Local Union Report (EEO-3) and Apprenticeship Information Report (EEO-2) which are required to be filed with the US Commission of Equal Employment Opportunity Commission by the collective bargaining unit and annually thereafter.

F. Other Reports

In addition to the above reports, the Recipient shall furnish such reports or other documents to the City as the City may request from time to time in order to carry out the purposes of this agreement.

G. Records Access

The Recipient will insure that the City will have reasonable access to all records and files reasonably necessary to confirm the accuracy of the information provided in the reports.

H. Work Site Access For Monitor

- i) The City will physically monitor the work sites subject to this agreement to verify the accuracy of the monthly reports. Each work site will be physically monitored approximately once every two weeks, and more frequently if it is deemed reasonably necessary by the City. The City's findings shall be recorded in a "Site Visit Report." An example of a bi-weekly site visit report can be found in Exhibit _____.
- ii) The Recipient shall require the Contractor and Sub-contractor to cooperate with the City's site monitoring activities and inform the City as to the dates they are working at the Project site. This includes specifically instructing the on-site construction manager about the monitoring process, and informing him/her that the monitor will contact him/her to set up an initial meeting. In the case of projects with multiple locations, the Recipient shall inform the City of the dates they are working at each site location(s) where they are working, in order to facilitate the monitoring.

VII. **Permanent Jobs Procedures:**

1. **Permanent Jobs:** Recipient shall comply with all of the following conditions:

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this meeting:

- i) whether subcontractors will be used in the hiring process.
- ii) the specific types of jobs that need to be filled.
- iii) the qualifications needed for these particular jobs.
- iv) possible training programs offered by the permanent employer.
- v) the Recipient's goals and how it plans to meet these goals.
- vi) any other issues which need to be addressed.

B. Subcontractor Notification -- If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment & Contracting Monitor. An example of this signed acknowledgment can be found in Appendix 3.

- C. Subcontractor Pre-Hiring Job Awareness Meeting -- Each subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 1.A.(i)-(vi) and notify the City.
- D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.
- E. Documentation of Hiring Plan--Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix 4.
- F. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- G. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- J. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.

- K. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- L. Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
- M. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

VIII. **Good Faith Defined. Business Contracts**

A. Good Faith shall mean compliance with all of the following conditions:

i) Solicitation of Businesses:

- a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
- b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
- c) Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- d) Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month.

It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- g) Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
 - h) Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
 - i) Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
 - j) Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.
- B. The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by Project Employment and Contracting Monitor of a Recipient, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

IX. Good Faith Defined. Commercial Tenants at the Project Site

Good Faith shall mean compliance with all of the following conditions:

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.

- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

X. Notices of Violation:

1. Advisory Notice: The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have 7 days to correct the violation.
2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation.
3. Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this agreement and so advises the City in writing, subject to confirmation by the City.
4. Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

XI. Liquidated Damages:

1. While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration of any cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:
 - A. Failure to file Initial Manning Report (Construction Jobs) or Pre-Hiring Notification (Permanent Jobs) or Pre-Contracting Notification (Business Contracts): an amount equal to Five percent (5%) increase in the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
 - B. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%)

percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.

- B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

XII. Notices

Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, addressed as follows:

1. When sent by the City to the Recipient it shall be addressed to:

3224-3228 Kennedy Blvd., JC, LLC
222 Duncan Avenue
Jersey City, NJ 07306

and

2. When sent by the Recipient to the City, it shall be addressed to:

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

XIII. Appendix

These forms are examples only and shall be in substantially the form on file in the Division of Economic Opportunity, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

XIV. Adoption, Approval, Modification:

This agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under this agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

In the event there are any conflicts between this Agreement and any Project Labor Agreement, then as it pertains to construction jobs covered by the PLA, the Project Labor Agreement shall govern. Wherever possible, this Agreement shall be interpreted consistently with the Project Labor Agreement.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

3224-3228 KENNEDY BLVD., JC, LLC

Secretary

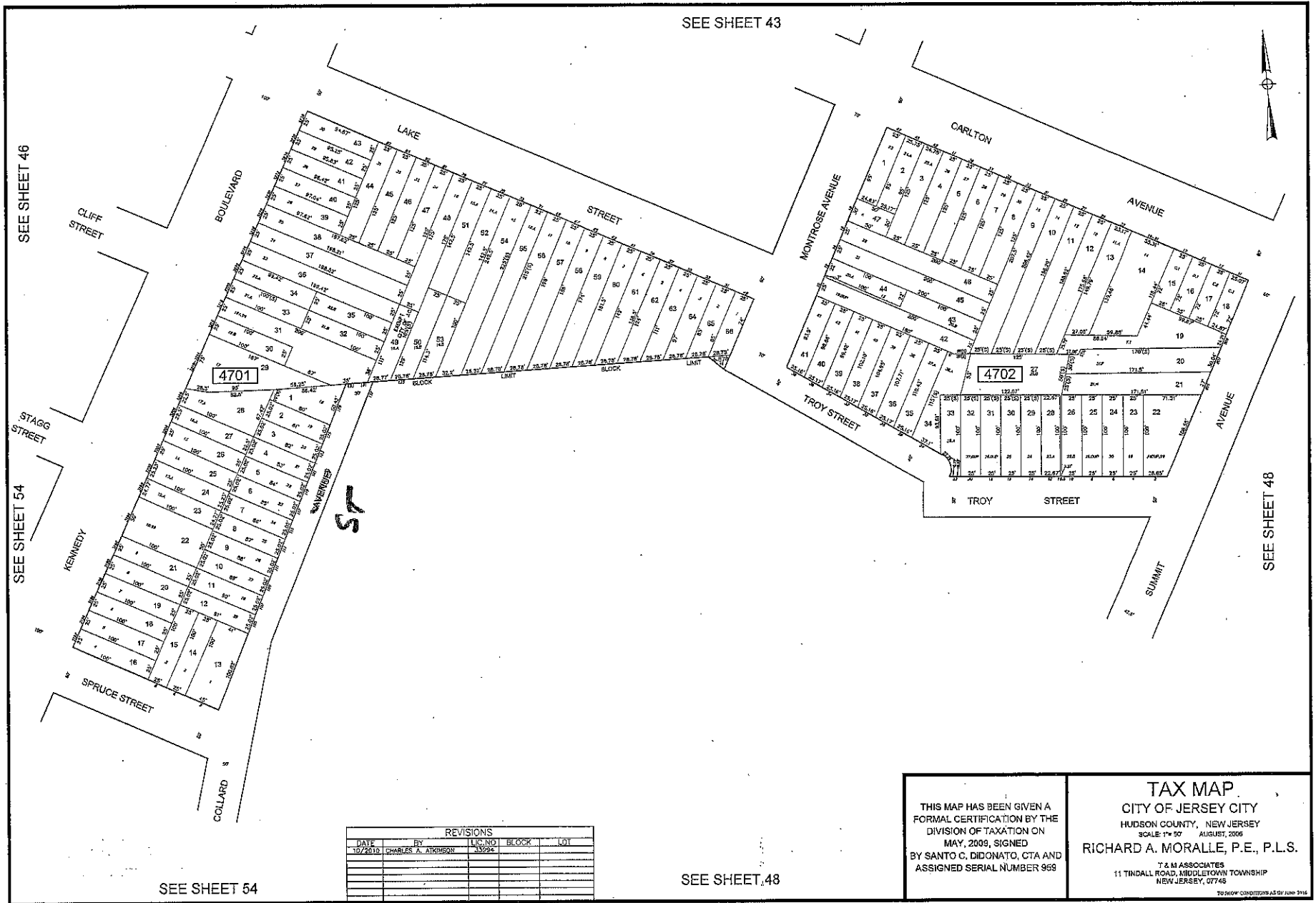
Onkar Singh, President

**APPLICATION FOR TAX EXEMPTION
OF
3224-3230 JOHN F. KENNEDY BOULEVARD**

In compliance with Executive Order #2015-007 dated September 3, 2015 of the Mayor of the City of Jersey City, the Applicant herewith submits the following information in support of its application for a Five Year Tax Exemption under and pursuant to N.J.S.A. 40A:21-1, et seq.

| | |
|----------------------------------|--|
| Applicant: | 3224-3228 Kennedy Blvd., JC, L.L.C. Limited Liability Company 222 Duncan Avenue Jersey City, NJ 07306 |
| Project: | A Residential Rental Project (hereinafter referred to as "Project") Block 4701, Lots 36, 37, 38 and 39 3224-3230 John F. Kennedy Boulevard Jersey City, New Jersey |
| Applicant's General Contractor: | TBD |
| Applicant's Architect: | Raul Cabato, AIA Raul Cabato, Architects 5 Drift Road Watchung, New Jersey 07069 |
| Applicant's Engineer: | Robert L. Costa Costa Engineering Corporation 325 South River Street, #302 Hackensack, New Jersey 07601 |
| Applicant's Attorney: | Connell Foley LLP Harborside Financial Center 2510 Plaza Five Jersey City, NJ 07311 (201) 521-1000 Attn: Charles J. Harrington, III |
| Loan Advisor and/or Consultants: | None |

SEE SHEET 43



| REVISIONS | | | | |
|-----------|---------------------|--------|-------|-----|
| DATE | BY | CHK NO | BLOCK | LOT |
| 10/2010 | CHARLES A. ATKINSON | 33024 | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

SEE SHEET 48

THIS MAP HAS BEEN GIVEN A
FORMAL CERTIFICATION BY THE
DIVISION OF TAXATION ON
MAY, 2009, SIGNED
BY SANTO C. DIDONATO, CTA AND
ASSIGNED SERIAL NUMBER 969

TAX MAP
CITY OF JERSEY CITY
HUDSON COUNTY, NEW JERSEY
SCALE: 1"=50' AUGUST, 2006
RICHARD A. MORALLE, P.E., P.L.S.
T & M ASSOCIATES
11 TINDALL ROAD, MIDDLETOWN TOWNSHIP
NEW JERSEY, 07748

APP - COM240627073200

THIS MAP HAS BEEN DRAWN USING COMPUTER AIDED
DRAFTING/DESIGN (CAD/D) AND COORDINATE GEOMETRY.

3224-3228 KENNEDY BLVD., JC. LLC

4701-36.01

BLOCK 4701 Lot 36,37,38,&38 (To Be Kown As Lot 36.01)

3226 Kennedy Blvd.

| Block | Lot | | Existing Assessments | New Assessments | Assessment (Phased-In) |
|-------|-------|-------|-------------------------|-----------------|---------------------------|
| 4701 | 36.01 | Land | 172,200 | 441,000 | - |
| | | Bldg | 137,800 | 1,635,500 | 1,635,500 |
| | | Total | 310,000 | 2,076,500 | 1,635,500 |

**Est. In-Lieu of Full Property Tax On Such Propety An
Amount Equal To A Percentage Of Taxes Otherwise Due,
According To The Following Schedule:**

Year

| | | |
|--|--|---------------|
| 1 | In the first full tax year after completion, no payment in lieu of taxes otherwise due; | 0 |
| 2 | In the second tax year, an amount equal to 20% of conventional taxes otherwise due, estimated to be the sum of; | \$ 25,189.97 |
| 3 | In the third tax year, an amount equal to 40% of conventioal taxes otherwise due, estimated to be the sum of ; | \$ 50,379.94 |
| 4 | In the fourth tax year, an amount equal to 60% of conventioanal taxes otherwise due, estimated to be the sum of; | \$ 75,569.91 |
| 5 | In the fifth tax year, an amount equal to 80% of conventional taxes otherwise due, estimated to be the sum of; | \$ 100,759.88 |
| AT THE EXPIRATION OF THE EXEMPTION, THE PROJECT'S NEW IMPROVEMENT TAXES | | \$ 125,949.86 |

7/21/2016

APPLICATION

1. Identification of the Property:

The improvements are located on real property known as 3224-3230 John F. Kennedy Boulevard and described on the Tax Map of the City of Jersey City as Block 4701, Lots 36, 37, 38 and 39 (the "Property"), which has an area of approximately 0.397 acres (17,320 sq. ft.). The Property is a series of lots which create a through lot fronting on John F. Kennedy Boulevard and continuing through to Collard Street. The Property is located within the R-1 One and Two Family Residential Zoning District. A metes and bounds description as well as a survey of the Property is attached as Exhibit 5.

2. Type of Tax Exemption Requested:

3224-3228 Kennedy Blvd., JC, L.L.C. Limited Liability Company seeks a five year tax exemption pursuant to N.J.S.A. 40A:21-1, et. seq. (Five Year Tax Exemption Law). The Applicant requests that the tax agreement be based on the following formula, in accordance with the Law:

Project Taxes During Term of Exemption:

| | | |
|-------------|------------|--|
| Year One: | \$ 12,801 | (land tax only) |
| Year Two: | \$ 40,342 | (land tax plus 20% of real estate taxes on improvements) |
| Year Three: | \$ 67,882 | (land tax plus 40% of real estate taxes on improvements) |
| Year Four: | \$ 95,423 | (land tax plus 60% of real estate taxes on improvements) |
| Year Five: | \$ 122,964 | (land tax plus 80% of real estate taxes on improvements) |

Following the expiration of the term of the exemption, the Applicant will pay full real estate taxes.

A Fiscal Plan for the management of the Project and a calculation and breakdown of the aforementioned real estate taxes is set forth in Exhibit 13, attached hereto.

Based upon the above formula, it is estimated that the Project will generate real estate taxes payable to the City of Jersey City in the amount of approximately \$339,414.00 during the term of the abatement.

3. Term of Exemption:

The Applicant requests that the term of the exemption be for five (5) years beginning on the first day of the first calendar year following substantial completion of the Project (the "Exemption Commencement Date"), or the first day of the month after the project has received its final certificate of occupancy, and ending on the date that is one day prior to the fifth anniversary of the Exemption Commencement Date. See Exhibit 8.

4. Improvements to be Constructed:

The Project is a residential rental consisting of a new four (4) story building, stepping down to three (3) stories in the rear containing forty-two (42) dwelling units along with a ground floor lobby and thirty-eight (38) parking spaces. The proposed units will be market rate rental. Please see Exhibits 7, 9 and 15.

The Property is owned by the Applicant, and the Applicant will construct the Project.

5. Construction Schedule:

It is estimated that the Project will commence construction within twelve (12) months of the approval of this application. It is estimated that total construction for the Project will be completed in eighteen to twenty-four (18-24) months. This construction schedule is subject to modification based on the time required to obtain the necessary governmental approvals and permits and Force Majeure. See Exhibit 14.

6. Zoning Information

The construction cost of the Project, as set forth in Exhibit 11, is estimated to be \$4,930,000.00. The construction cost has been calculated in accordance with the provisions of N.J.S.A. 40A:21-3(j). Construction costs have been estimated based upon information compiled by the Applicant.

7. Financing Structure:

Construction of the Project will be financed through private capital and traditional construction financing, which are estimated as follows:

| | <u>Amount</u> | <u>Interest Rate</u> | <u>Term</u> |
|------------------------------|---------------|----------------------|-------------|
| Private Capital Contribution | | N/A | N/A |
| Construction Loan | | 3.5 % | 36 months |

The construction loan^s will be repaid at completion with a permanent mortgage from a traditional lender. See Exhibit 12.

9. Municipal Land Use Approvals:

The Project is located in the R-1 One and Two Family Zoning District, and complies with the zoning requirements of the Jersey City Land Development Ordinance and the Master Plan of the City of Jersey City or received the appropriate approvals to deviate from the requirements therein. The Project received Preliminary and Final Major Site Plan approval with all necessary variances from the Zoning Board of Adjustment of the City of Jersey City on April 7, 2016 which was memorialized by way of Resolution on April 21, 2016. See Resolutions attached as Exhibit 15.

10. Real Estate Tax Assessments:

The real estate tax assessment information for the year 2015 for the Project is as follows:

| | | | | |
|---------|---------|---------|---------|-----------|
| 4701/36 | 52,900 | 122,100 | 175,000 | 13,093.50 |
| 4701/37 | 35,600 | 0 | 35,600 | 2,663.59 |
| 4701/38 | 40,500 | 0 | 40,500 | 3,031.21 |
| 4701/39 | 43,200 | 15,700 | 58,900 | 4,406.90 |
| Total | 172,200 | 137,800 | 310,000 | 23,195.20 |

11. Real Estate Taxes Levied:

The 2015 Real Estate taxes for the Property was 23,195.20 (based on the 2015 tax rate of .7482). The 2015 Real Estate taxes if the Property were to be unimproved would be 12,801.00.

12. Status of Municipal Taxes and Other Charges:

All municipal real estate taxes and charges against the land upon which the Project is located will be paid in full. See the attached certification at Exhibit 19.

13. Disclosure Statement:

A Disclosure Statement is attached hereto as Exhibit 20.

14. Certificate of Construction Commencement:

A Certification from the Applicant that the construction of the Project has not and will not commence prior to final approval and execution of a Tax Agreement between the City and the Applicant is attached hereto as Exhibit 21.

15. Projected Job Creation:

It is projected that the Project will generate approximately fifty (50) full-time equivalent construction jobs during the term of the construction as well as three (3) direct full time jobs. See Exhibit 22.

16. Compliance with State and Local Laws Certification:

A Certification by the Applicant that the Project meets the requirements of the laws of the State of New Jersey, as well as the Zoning Board of Adjustment approval (see also the Applicant's resolution attached hereto as Exhibit 15), and the Master Plan for Jersey City is attached hereto as Exhibit 23.

17. Diligent Inquiry Certification:

A Certification of the Applicant that all information contained in the Application is true and correct to the best of their knowledge after having made diligent inquiry is attached hereto as Exhibit 24.

18. Certificate of Formation:

A copy of the Applicant's Certificate of Formation and authorizing resolution are attached hereto respectively as part of Exhibit 31.

18. Certificate of Formation:

A copy of the Applicant's Certificate of Formation and authorizing resolution are attached hereto respectively as part of Exhibit 31.

19. Tax Agreement:

A Proposed draft Tax Agreement for the Applicant is attached hereto as Exhibit 25. The Applicant's member(s) are parties to other Tax Agreements or Financial Agreements. See Exhibit 20.

20. Affordable Housing Contribution:

Pursuant to the local ordinance regarding the Five Year Tax Exemptions, the Applicant intends to make an Affordable Housing Contribution of \$84,778.50 (forty-two [42] residential units x \$1,500 per unit; 14,519 sq. ft. of parking garage space x \$1.50 per square foot) to the City of Jersey City. The Applicant intends to make this contribution in accordance with the City's current program, which requires one-third of the contribution (\$28,259.50) upon approval of the application; one-third of the contribution (\$28,259.50) upon the issuance of the first construction permit by the City of Jersey City but no later than 6 months from the effective date of the financial agreement; and one-third (\$28,259.50) upon the issuance of the first certificate of occupancy for the project, but not later than 24 months from the effective date of the financial agreement. See Exhibit 17.

21. Chapter 441 Application and Fee:

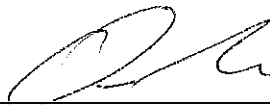
The Application fee of \$10,000.00 was simultaneously paid to the City of Jersey City with the submission of the Application. See Exhibit 19. The Applicant's Chapter 441 application is attached hereto as part of Exhibit 28.

22. List of Exhibits:

See attached Tax Exemption Checklist

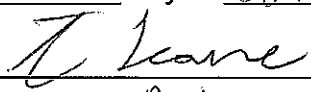
I hereby certify that all of the information contained in this application is true and correct and that I have made a diligent inquiry to confirm the accuracy of all such information.

**3224-3228 KENNEDY BLVD. JC, L.L.C.
LIMITED LIABILITY COMPANY**



Onkar Singh, President

Sworn Before me this
11th day of July, 2016



Thomas P. Leone
Attorney State of New Jersey

APPLICATION FOR FIVE-YEAR EXEMPTION AND/OR ABATEMENTPursuant to N.J.S.A.40A:21-1 et seq.; P.L.1991, c. 441, as amended by P.L. 2007, c. 268
AND AS AUTHORIZED BY MUNICIPAL ORDINANCEApplications must be filed with municipal assessors within 30 days (including Saturdays & Sundays) of completion of construction, improvements, conversion, conversion alteration. Late applications will be denied.COUNTY: Hudson MUNICIPALITY: Jersey City**I. IDENTIFICATION**Applicant Name: 3224-2238 Kennedy BLVD, JC, LLC Limited Liability Company Name of Officer (if corporate owner): onkar singhPhone Number: 201-631-7820 Email Address: TLeone@ConnellFoley.comMailing Address/Corporate Headquarters: 222 Duncan AvenueCity: Jersey City State: NJ ZIP: 07306Property Location (Street Address): 3224-3230 JFK BoulevardBlock: 4701 Lot: 36-39 Qualifier: =**II. PROJECT INFORMATION**This Application is for ☐ tax exemption ☒ tax abatement ☐ both.

A. The subject property is a one or two family dwelling upon which claimant has completed:

☐ New Construction;☐ Conversion or alteration of a building or structure into a dwelling;☐ Improvement of an existing dwelling. Indicate age of dwelling: _____

B. The subject property is a multiple dwelling, commercial or industrial structure upon which claimant has completed:

☒ Construction of a multiple dwelling under a tax agreement;☐ Construction of a commercial or industrial structure under a tax agreement;☐ Improvement to a multiple dwelling;☐ Improvement to a commercial or industrial building or structure;☐ Conversion or alteration of a building or structure to a multiple dwelling.

If increasing the volume of an existing multiple dwelling, commercial or industrial structure, please indicate the percentage of volume increased: _____%

C. Project DetailsI. Date of completion of new construction, conversion, or improvement: TBD, 20____.II. Total cost of project: \$ 4,930,000.

III. Brief description of the nature and type of construction, conversion, or improvement.

Four (4) story stepping down to three (3) containing 42 units and 38 parking spaces.**D. Other Information**1. Were prior five-year exemptions/abatements granted on this property? ☒ No ☐ Yes, amount: \$ _____2. Are there delinquent property taxes or nonpayment tax penalties due on the property? ☒ No ☐ Yes

3. Attach all required documentary proofs. (Assessor may require copy of ordinance, copy of executed tax agreement between applicant and municipal governing body, project descriptions, plans, drawings, cost estimates, etc.)

III. Certification

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Signature

President

Title (If Applicable)

Date

7/13/16**FOR OFFICIAL USE:**☐ APPROVED ☐ DISAPPROVED

Assessor

Date

29. Proof of Payment in full of the applicable application fee.

Please see the attached.

30. **Required Certifications shall contain the original signature of the Developer notarized or witnessed. In the case of a corporation, the Developer shall submit a notarized corporate resolution, with the seal of the corporation and the signature of the secretary of the corporation, authorizing the signatory to bind the corporation or similar bona fide evidence of authorization. In the case of a partnership the Developer shall submit a copy of the partnership agreement, certified to be in full force and effect, authorizing the signatory to bind the partnership. In the case of a limited liability corporation or any other lawful business organization, the Developer shall submit other similar bona fide evidence of the signatory's authority.**

Please see the attached.

UNANIMOUS CONSENT OF MEMBERS
AND
RESOLUTION OF 3224-3228 KENNEDY BLVD., JC, L.L.C. LIMITED LIABILITY COMPANY

THE UNDERSIGNED, **Onkar Singh**, being the President of **3224-3228 KENNEDY BLVD., JC, L.L.C. LIMITED LIABILITY COMPANY** (the "Company"):

RESOLVES, that the Company be and is hereby authorized and empowered to make an application to the City of Jersey City for a Long Term Tax Exemption under and pursuant to N.J.S.A. 40A:20-1, et seq. with regard to the property identified as part of Block 4701, Lots 36, 37, 38 and 39 on the Jersey City tax maps, and identified with an address of 3224-3230 John F. Kennedy Boulevard, Jersey City, New Jersey (hereinafter the "Property"); and

FURTHER RESOLVES, that **Onkar Singh, President**, be and is hereby authorized to execute and deliver the tax exemption application to the City of Jersey City, and execute and deliver any and all other documents required of the Company, and to take any and all action necessary to effectuate the application for the tax exemption for the Property, prospectively and nunc pro tunc; and

FURTHER RESOLVES, that **Onkar Singh, President**, be and is hereby authorized to take any and all action which he deems reasonable or necessary on behalf of the Company required to effectuate the above application.

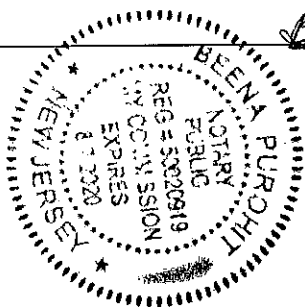
IN WITNESS WHEREOF, the undersigned, being the Sole Member of **3224-3228 KENNEDY BLVD., JC, L.L.C. LIMITED LIABILITY COMPANY** consents to the foregoing action, ratifies and affirms same and executes this Consent and Resolution on this _____ day of July, 2016.

**3224-3228 KENNEDY BLVD., JC, L.L.C. LIMITED
LIABILITY COMPANY**



Onkar Singh, President

Sworn Before me this
____ 18 ____ day of July, 2016



My Commission Expires
August 07, 2020

31. Such other documents or information as deemed necessary or appropriate.

Please see attached the following documents:

- A. Certificate of Formation for 3224-3228 Kennedy Blvd., JC, L.L.C. Limited Liability Company dated December 1, 2014.

NEW JERSEY DEPARTMENT OF THE TREASURY
DIVISION OF REVENUE AND ENTERPRISE SERVICES

CERTIFICATE OF FORMATION

3224-3228 KENNEDY BLVD., JC, L.L.C. LIMITED LIABILITY COMPANY

0400705703

The above-named DOMESTIC LIMITED LIABILITY COMPANY was duly filed in accordance with New Jersey state law on 12/01/2014 and was assigned identification number 0400705703. Following are the articles that constitute its original certificate.

1. Name:

3224-3228 KENNEDY BLVD., JC, L.L.C. LIMITED LIABILITY COMPANY

2. Registered Agent:

ONKAR SINGH

3. Registered Office:

222 DUNCAN AVE.
JERSEY CITY, NJ 07306

4. Business Purpose:

BUYING, DEVELOPING, MANAGEMENT OF REAL PROPERTY

5. Members/Managers:

ONKAR SINGH
222 DUNCAN AVE.
JERSEY CITY, NJ 07306

6. Main Business Address:

222 DUNCAN AVE.
JERSEY CITY, NJ 07306

Signatures:

ONKAR SINGH
AUTHORIZED REPRESENTATIVE



Certification# 134358534

Verify this certificate at
https://www1.state.nj.us/TYTR_StandingCert/JSP/Verify_Cert.jsp

IN TESTIMONY WHEREOF, I have
hereunto set my hand and affixed my
Official Seal at Trenton, this
1st day of December, 2014

A handwritten signature in black ink, appearing to read "Andrew P. Sidamon-Eristoff".

Andrew P Sidamon-Eristoff
State Treasurer

EXHIBIT 31

SUPPLEMENTAL SUBMISSION

Please note that since the creation of this application, an additional item has been added to the City's Tax Abatement Application Checklist which is denoted as Item 12. This item is included below.

12. A list of all professional and consulting fees for the project including amounts, names, and contact information of consultants/professionals for both hard and soft costs. They shall include but are not limited to attorneys, architects, accountants, financial advisers, loan brokers, real estate brokers and expeditors.

| NAME | AMOUNT | WORK | CONTACT INFORMATION |
|--------------------------|-------------|--------------------------|--|
| COSTA ENGINEERING CORP | \$30,596.60 | CIVIL ENGINEERING PLAN | Robert L. Costa 325 South River Street, Suite 302 Hackensack, NJ 07601 201-487-0015 |
| KLEIN TRAFFIC CONSULTING | \$4,660.10 | TRAFFIC ENGINEERING PLAN | Leo D. Klein 8480 Honeycutt Rd #200, Raleigh, NC 27615 919-615-2140 |
| RA DESIGN & CONSULTANTS | \$50,000.00 | ARCHITRCTURAL DESIGN | Raul Cabato 5 Drift Road Watchung, NJ 07069 201-513-4983 |
| CONNELL FOLEY LP | \$12,091.94 | ATTORNEY FEES | Charles J. Harrington, III Harborside Financial Center 2510 Plaza Five Jersey City, NJ 07311 201-521-1000 |